Austria Sch22	Indonesia Rp3150	Portugal Esc120
Bahrain Din0.650	Israel NIS3.50	S.Arabia Rls7.00
Belgium BFr48	Italy L1700	Singapore ..... S$4.10
Canada ..... C$1.00	Japan Y600	Spain Pta145
Cyprus ..... C£0.90	Jordan Fils500	Sri Lanka Rup30
Denmark . DKr10.00	Kuwait Fils.500	Sweden SKr9.00
Egypt .... E£2.25	Lebanon .. SL125.00	Switz SFr2.30
Finland Fmk7.00	Lux LFr48	Taiwan .... NT$65
France FFr6.50	Malaysia ... Rin4.25	Thailand Bht50
Germany ... DM2.30	Mexico Pes300	Tunisia Din0.800
Greece Dr120	Morocco Dh6.00	Turkey L600
Hong Kong... HK$12	Neth Fl3.00	UAE Dh6.50
India Rup15	Norway ... Nkr10.00	USA $1.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,629 Wednesday August 31 1988 D 8523 A

THE KURDS

Turkey bleeds from a concealed wound

Page 16

World News

Three shot dead in Northern Ireland

UK security forces shot dead three men near Omagh, Northern Ireland, about 10 miles from where eight British soldiers were killed by an IRA bomb 11 days ago.

Unconfirmed reports suggested that the three men were in a car and had just fired in a lorry driver when troops shot and killed them. This would suggest a carefully-planned undercover military operation, raising speculation that the shooting was the first visible evidence of extra security in the province to combat IRA violence. RUC urges changes on extradition, Page 5

US accuses Soviets of violating accord

The US accused the Soviet Union of breaching the Geneva peace accords on Afghanistan by sending bombers from Soviet territory to hit rebel targets near the northern city of Kunduz. Page 4

UK postal strike

Britain's postal workers were due to start their first national strike for 17 years this morning in protest against the Post Office's imposition of pay supplements for new recruits. Page 5, Editorial comment, page 14

Air crash debate

West Germany's air show disaster, which killed 49 people, will be discussed in a special session of the Federal parliament next week. The question of the continuation of military flying displays remains unsettled. Page 2

East may cut troops

Soviet and Hungarian armed forces could cut troop strengths in Hungary if agreement were reached in East-West disarmament talks, according to Hungary's foreign minister. Page 2

Burundi talks

Leaders of Burundi and Rwanda agreed to work for the safe return of 55,000 Burundians who have fled to Rwanda to escape tribal massacres. Refugees say tens of thousands have been killed.

China price freeze

China confirmed a planned price freeze for the rest of the year and warned that the grain harvest could be smaller than in 1987 because of natural disasters. Page 3

Ortega accuses US

Nicaraguan President Daniel Ortega said the US was seeking a pretext for an invasion of his country because US-backed Contra rebels had failed to overthrow the Sandinista Government.

Turkey, Iraq in talks

Turkey discussed with Iraq the tension on their mutual border as growing numbers of Kurdish refugees cross to escape Iraq's campaign against Kurdish guerrillas. Page 16

Soviet subsidies

A Soviet economist attacked price subsidies on basic products as causing shortages, and called for sweeping price rises to produce a more egalitarian society. Page 2

US drops PLO appeal

The Reagan Administration is not to appeal against a court ruling allowing the Palestine Liberation Organisation to maintain its observer mission to the United Nations in New York. Page 3

Business Summary

Brazil acts to curb foreign mining companies

BRAZIL is to prevent foreign mining companies from taking majority shareholdings in any exploration, extraction or refining operations on its territory. New risk contracts for oil exploration companies are also to be banned. Page 16

NIPPON MINING of Japan is to acquire Gould, a US defence and medical electronics group, for $1.1bn. Gould said the boards of both companies had agreed that Nippon would offer $23.25 for each of Gould's 45m outstanding shares.

HOESCH, West German steel and engineering company, expects profits to show an increase this year after a strong performance in the first half, with sales up by 14 per cent to DM4bn ($2.1bn). Page 17

VOLVO, Swedish motor, energy and food group, saw profits drop to SKr3.80bn in the first half compared with SKr4.28bn in the same period in 1987, as a result of currency factors and a three week nationwide strike by white-collar workers. Page 17

GRAND METROPOLITAN's I£253m ($364.3m) hostile bid for Irish Distillers has been referred to the Irish Fair Trade Commission but the bid will not lapse as a result. Page 17

DRESDNER BANK, West Germany's second largest bank, is to buy a 30 per cent stake in BNP-Ak Bankasi, joint venture bank in Turkey between Banque Nationale de Paris and Akbank, leading Turkish banking group. Page 19

J.C. PENNEY, third-largest US general retailing group, announced creation of a leveraged employee stock ownership plan, or Esop, which will put about 9 per cent of the Dallas-based company's stock into the hands of its workers. Page 18

TRANS-NATAL, South Africa's second largest coal mining company, had its profits wiped out in the year to June and expects cash flow to remain unsatisfactory for several months. Page 20

ELDERS RESOURCES NZFP paid a reported A$70m (US$56.8m) to acquire the Saxonvale steaming coal mine in New South Wales' Hunter Valley from Broken Hill Proprietary. Page 20

BANCO HISPANO Americano, Spanish bank, bought 75 per cent of Continental Bank, the Belgian subsidiary of Continental Illinois National Bank of Chicago and said it would inject BFr1.5bn ($38.5m) into unit once the deal was signed in November. Page 19

TRUST BANK, South Africa's fifth largest bank, increased profits to R57.7m ($23.9m) against R47.8m. Page 20

RICHARD DENNIS, one of Chicago's largest individual futures speculators, said he would leave the business this week and is expected to go into politics full-time. Page 18

US SHOE, speciality clothing and footwear businesses reported a deficit for the three months ended July 30 of $9.4m after a $3.1m charge, mainly for closing six stores. Page 18

TORRAS HOSTENCH, Spanish paper group controlled by the Kuwait Investment Office, reported an 18 per cent increase in first half profits. Page 19

MORGAN Stanley International transferred its Swiss franc warrant and convertible bond trading team to Zurich from London. Page 20

UK bars toxic waste ship, calls Italy irresponsible

By Richard Donkin and Joel Kibazo in London

THE British Government last night said there was no question of the 2,100 tonnes of toxic waste on board the ship Karin B – now lying off the southwestern coastal port of Plymouth – being allowed to land in Britain under present laws.

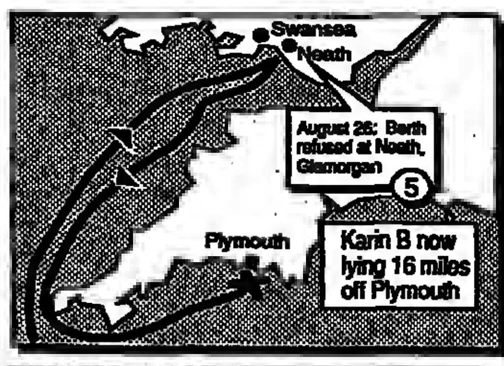
Mrs Virginia Bottomley, Junior Environment Minister, said that this was because the composition of the cargo was not known, no harbourmaster would allow it to land and it would not be possible to direct it to a site licensed to deal with it.

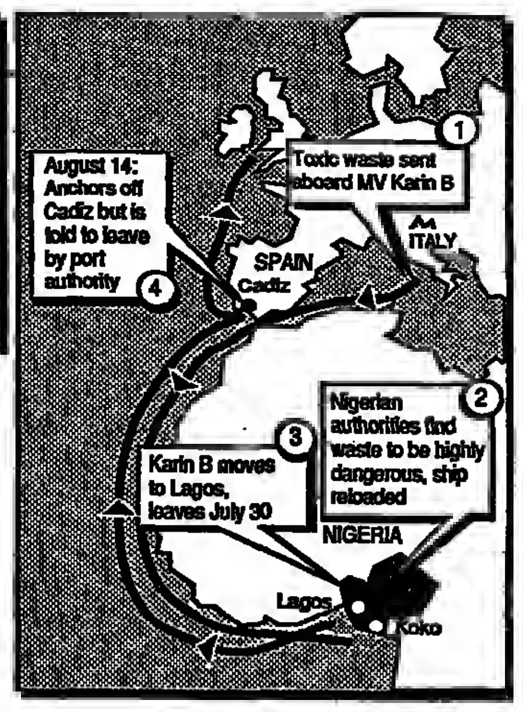
Mrs Bottomley said the Italian Government was guilty of "the height of irresponsibility" by allowing the ship to sail without an established destination.

She summoned Mr Boris Biancheri, the Italian Ambassador, to a meeting and said later she had "left him in no doubt about the concern we feel about this ship."

The waste is en route for treatment from the port of Koko in Nigeria near where it had been illegally dumped earlier this year. Mrs Bottomley's statement was issued as it became apparent a further consignment of the dumped waste had left Koko earlier this month in a second ship.

The minister's action increased the reluctance of British waste companies to deal with the consignment under the spotlight of publicity – in effect closing the door to the waste landing in Britain. The Italian Government, however, hinted that it was still hopeful that a British company would accept the shipment. A spokesman for the Italian Ministry of Civil Protection said Mrs Bottomley's statement was "not definitive."





Virginia Bottomley: accusation

Speaking on BBC radio, Mrs Bottomley said the ship was "an Italian problem and for them to deal with.

"The present situation is extremely unsatisfactory ... It was for the Italians to establish a port of call before it set sail.

"What is the height of irresponsibility is to set it out on to the high seas without having firmly established a location for it to reach."

She said she had drawn the ambassador's attention to a standing ruling by the Organisation for Economic Co-operation and Development that the originating country must retain responsibility for waste which could not be disposed of properly.

The Italians believe that if papers can be provided showing the content of the consignment, there is no reason why a British waste company could not handle it. The consensus in the UK waste disposal industry yesterday, however, was that the ship was becoming too much of a political hot potato inspite of a likely price tag of between £2m and £4m ($3.4m-$6.8m) for dealing with its cargo.

The Italian Embassy said last night that the ship would be asked to move away from her anchorage 15 miles off Plymouth but it was not clear where she would go. Some of Europe's most effective toxic waste incineration plant is sited at Rotterdam, but if Holland is not prepared to take the waste the ship may be forced to cross the Atlantic in search of the highly developed plant available in the US.

As speculation mounted about the Karin B's future destination, conflicting reports emerged about the strength of the toxins on board. The Ital-

Continued on Page 16

Eastern Airlines redundancies blocked by court

By Anatole Kaletsky in New York

A US Federal court yesterday confirmed a ban on Eastern Airlines' planned dismissal of thousands of employees in a pathbreaking legal ruling which was immediately characterised by Eastern as an attack on "the very essence" of US airline deregulation.

The long-awaited decision, handed down in Washington by Federal District Judge Barrington Parker, required the financially beleaguered Eastern to continue employing 4,000 workers it planned to make redundant in a major cutback of its operations which was due to be implemented this week. In a significant concession to Eastern, however, the judge did not require the airline to reinstate the many services, centred on its Kansas City hub, which it had already dropped from its schedules.

The ruling was therefore less financially crippling to the airline than had been feared by some analysts. There had been widespread suggestions on Wall Street that Eastern might seek bankruptcy protection if it was forced to operate virtually empty aircraft on dozens of routes for which it had ceased to take bookings a month ago. Instead, Eastern yesterday denounced Judge Parker's ruling as an "unprecedented and fundamental misreading" of the US labour laws and said it would file a petition for an emergency hearing before the US Court of Appeals.

The essence of Judge Parker's ruling was to require Eastern to return to the bargaining table to negotiate with its unions over the proposed redundancies. The judge's decision was based on the Railway Labor Act, a 1920s statute which was originally designed to protect railroad and other transport companies against strikes. Ironically, in the present era of transport deregulation, unions rather than employers have increasingly been turning for protection to the Railway Labor Act.

The Act requires that both sides preserve the status quo in their relations, seek Federal mediation and observe cooling off periods, in order to avoid strikes and other industrial disputes. Judge Parker upheld the airline unions' argument that Eastern's decision to close its Kansas City hub and make redundant 4,000 employees while it was in the midst of contract negotiationa amounted to a breach of the Act.

Eastern said yesterday that the decision was "gravely wrong", and noted that its case against the unions had been formally backed by most of the nation's other major airlines.

Analysts noted, however, that Judge Parker was one of the most senior and prominent members of the Federal district bench in Washington and that his interpretation of the Railway Labor Act will not readily be overturned on appeal.

Judge Parker, 72, has presided over numerous celebrated cases. In 1979 he overruled the Carter Administration's attempts to give legal power to its voluntary wage-price guidelines. And in 1974 he ruled against the Nixon Administration's price controls on the grounds that they were "arbitrary and capricious".

Walesa agrees to meet Polish leaders

By Christopher Bobinski in Warsaw

MR Lech Walesa, leader of Poland's banned Solidarity trade union, is to hold talks today with Gen Czeslaw Kiszczak, the Interior Minister, a Solidarity adviser said last night.

Mr Tadeusz Mazowiecki said Mr Walesa would meet Gen Kiszczak and a representative of the Roman Catholic church in Warsaw. It would be Mr Walesa's first meeting with Poland's Communist rulers since they imposed martial law in 1981 and outlawed the independent trade union.

There was no official confirmation of the meeting last night.

Solidarity's announcement came as strikes continued in the Baltic cities of Gdansk and Szczecin, at the southern Polish Stalowa Wola engineering works, and at the Manifest Lipcowy colliery in Silesia, the only pit still holding out among those which started the present strike wave.

Earlier yesterday the Government offered to involve Mr Walesa in round-table talks about the present labour unrest. However, the offer was conditional on an end to the stoppage at the Gdansk Lenin shipyard.

The planned meeting with Gen Kiszczak, a close adviser of Polish leader Gen Wojciech Jaruzelski was believed to be part of preliminary discussions leading up to these fully-fledged talks.

Mr Jerzy Urban, the government spokesman, said: "The end of strike action by Lech Walesa and the shipyard where he works would automatically mean the establishment of a round table."

However, Mr Urban implied that the Government was still against permitting a formal return by Solidarity to the shop floor and suggested that the official OPZZ unions would also take part in the round-table talks.

Shortly after Mr Urban's offer, Mr Walesa left the Lenin yard and held confidential talks with Bishop Tadeusz Goclowski of Gdansk. Mr Walesa later brushed off reporters' questions as he arrived at his home in Gdansk. "Everything is possible," he said before disappearing inside.

Official statements, both in public and in private, continue to suggest that the authorities remain intent on drawing opposition leaders into official structures while refusing to recognise Solidarity as a trade union.

Mr Walesa has said that he is ready for talks at any time.

Brussels plans increase in airline competition

By Lynton McLain in London

THE EUROPEAN Commission is planning further proposals to increase airline competition.

In addition it is hoping to accelerate plans to create "some form of control at the European level over airline mergers," Mr Peter Sutherland, the European Commissioner in charge of competition policy, said in London yesterday.

Capacity quotas, where airlines flying the same route are subject to an agreement on what proportion of the total seats on the route each should supply, should be reduced as much as possible and "perhaps even abolished completely," he told a Financial Times conference on commercial aviation.

The list of airports excluded from Commission provisions introduced in December for liberalised regional air services "must be substantially reduced," he added.

Under those provisions any airline licensed to operate a route by its home government may not be refused a licence by the destination country. The provisions applied to all the main cities in the Community and selected regional destinations.

Continued on Page 16

Key US economic index falls

By Anthony Harris in Washington

SHARP FALLS in the US index of leading indicators and in manufacturing orders have confirmed recent hopes that the US economy is not yet overheating. The leading indicators are seen as a key barometer of future economic activity.

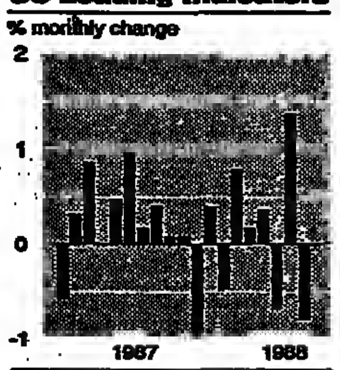
The figures partly reverse very steep increases in June. The leading indicators index had climbed 1.4 per cent in June, the largest monthly increase since December 1986. Similarly, factory orders had climbed a revised 5.4 per cent in June.

However, a further 0.7 per cent rise in unfilled orders, sustaining a strong trend which has now persisted for 16 months, showed the underlying strength of the economy.

Financial markets, which had expected today's figures to return to trend, showed no reaction. US unemployment figures, due to be released on Friday, are regarded as the most significant inflation indicator.

A small rise in new claims for state unemployment benefit

US Leading Indicators



was the most important factor leading to the 0.8 per cent fall in the composite index of leading indicators in July, and the bond market will be anxious to know if this change in trend, halting a steady tightening of the labour market ovar tha past year, is confirmed on Friday.

The fall in manufacturing orders, down 3.5 per cent in July after a 5.4 per cent increase in June, is the second most important factor.

The violent discontinuity in manufacturing orders has been caused almost entirely by the Pentagon.

A partial embargo on new orders in the spring, caused by corruption investigations and budget reviews, was removed in June, releasing a backlog which raised orders for defence goods by nearly 70 per cent over the May figures. In July defence orders fell back by 46.6 per cent to a more normal level.

Automotive orders have also fallen from the very high levels seen earlier in the summer, and aircraft orders, always a volatile series, also fell.

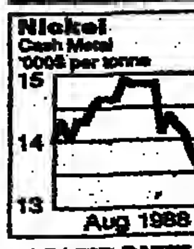
Orders for industrial capital goods repeated the record high of June.

The general strength of the economy is now spreading to the non-durable sector, which has generally been weak for nearly a year.

Orders rose by 1 per cent, after a 1.6 per cent rise in June. Chemicals accounted for abont half the increase, and the second strongest category was in foodstuffs.

MARKETS

Nickel
Cash Metal
'000$ per tonne



INTEREST RATES
US lunchtime
Federal Funds $8\frac{3}{16}$ ($8\frac{1}{8}$)
3-mth Treasury Bills: yield: 7.57% (7.55)
Long Bond: 97 $\frac{11}{32}$ ($97\frac{1}{32}$)
yield: 9.36% (9.34)
London
3-month Interbank close $12\frac{1}{4}$ ($12\frac{3}{16}$)

STERLING
New York close
$1.688 (1.6795)
London:
$1.6905 (1.69)
DM3.155 (3.14)
FFr10.69 (10.66)
SFr2.665 (2.65)
Y227.25 (226.0)

DOLLAR
New York close
DM1.86875 (1.8725)
FFr6.3365 (6.3535)
SFr1.5775 (1.5790)
Y134.85 (134.55)
London:
DM1.8665 (1.8585)
FFr6.325 (6.3075)
SFr1.576 (1.5685)
Y134.4 (133.7)

GOLD
New York close:
Comex Dec
$437.7(438.7)

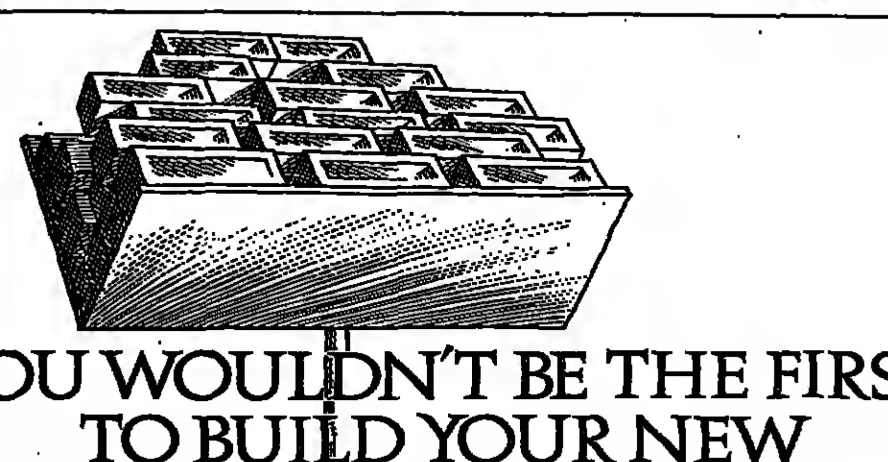
STOCK INDICES
New York close
Dow Jones Ind. Av.
2,038.23 (-3.2)
S&P Comp
262.51 (+0.18)
London:
FT-SE 100
1,754.8 (-15.9)
World:
122.96 (Mon)
Tokyo
Nikkei Ave 27,511.65 (+132.55)
Frankfurt
Commerzbank
1,465.8 (+15.2)

OIL
Brent 15-day (Argus)
$14.545 (-0.015)
West Tex Crude
$15.275 (same)

CONTENTS

Baltic states become testbed for Moscow's regional policy

Mikhail Gorbachev, the Soviet leader, is acutely aware that any concessions granted to Estonia, Latvia and Lithuania on greater autonomy from Moscow may prompt similar claims from the 12 other Soviet republics
Page 2



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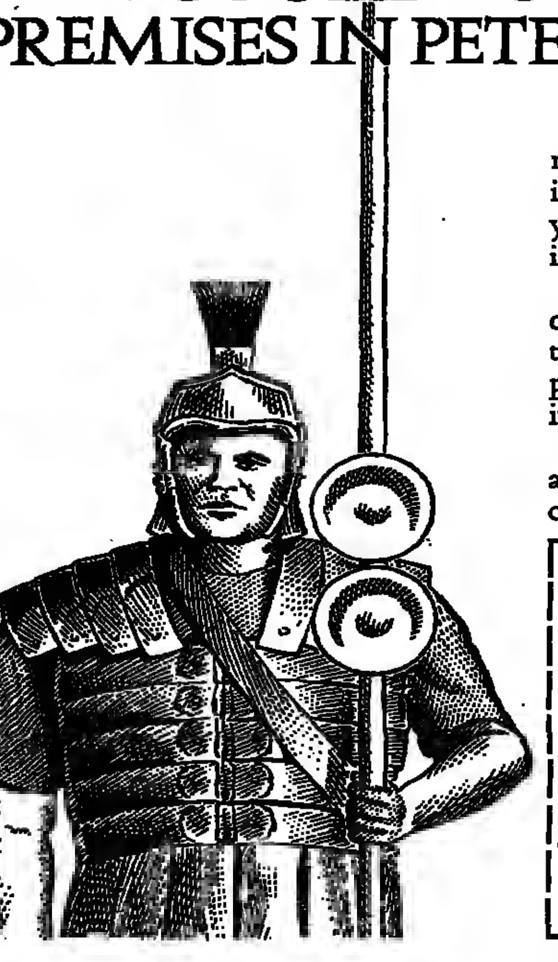

THE PETERBOROUGH EFFECT
IT'S BEEN WORKING FOR CENTURIES.

EUROPEAN NEWS


Nonplussed: Gaullist Alain Juppe (left) is embarrassed and Valéry Giscard d'Estaing evasive about the referendum

Gaullists lost for a response to referendum plan

By Ian Davidson in Paris

THE disarray among France's right-wing and centre-right parties in their attempt to co-ordinate their attitudes to the new socialist government of Mr Michel Rocard deepened this week with a rattle of conflicting comments on the government's proposal to hold a referendum on its plans for New Caledonia.

Yesterday spokesmen for the two main conservative bodies, the RPR neo-Gaullist party and the UDF centre-right umbrella grouping, both criticised the government's decision to choose a referendum to determine the new arrangements for the administration of New Caledonia.

By contrast, several leading centrist politicians, starting with Mrs Simone Veil, a former minister under President Giscard d'Estaing, and Mr Bernard Stasi, vice-president of the centrist CDS party, both came out in support of the agreement and called on the voters for a large Yes vote on November 6.

The Gaullists and the UDF have not called on their supporters to vote No, however, nor even to abstain; they are so embarrassed by the choice that they do not know what to recommend. In the words of Mr Alain Juppe, new general secretary of the Gaullist RPR party, the referendum is a trap in which the moderate opposition is caught.

Mr Juppe said yesterday the Gaullists approved of the New Caledonia agreement, which the Rocard government has just negotiated with leaders of the communities in the French Pacific territory.

But he argued that a draft law with around 100 articles was entirely unsuitable for a referendum, and he called instead for it to be passed by parliament, if possible with the unanimous support of all the political groups in the National Assembly.

Not all the leading Gaullist politicians share Mr Juppe's approval of the terms of the New Caledonia agreement. Mr Jacques Baumel, one of the old-style barons of the movement, has categorically condemned it, and Mr Edouard Balladur, former Finance Minister and one of the closest advisers of Mr Jacques Chirac, has cautiously declined to take a position until he sees the text of the agreement.

Mr Juppe yesterday disarmingly admitted the real nature of the Gaullist embarrassment: a large Yes vote would give a psychological boost to the Rocard government, which does not command a reliable majority in the National Assembly; a large No vote would be taken as a boost for Mr Jean-Marie Le Pen, leader of the extreme right-wing National Front, who is the only prominent politician to have immediately condemned the New Caledonia plan; and a large abstention rate would undermine the status of an agreement of which the Gaullists approve.

Yesterday the referendum plan was also criticised by Mr Alain Lamassoure, spokesman for the UDF grouping, who described it as "a mistaken idea".

But his boss, Mr Giscard d'Estaing, former French president and leader of the UDF, was much more evasive. Speaking to a summer school of Young Giscardians, he argued that it would be necessary to see that the procedure did not undermine the referendum principle, but he avoided committing himself on either the form or the substance.

The disarray among the opposition groups over the referendum is likely to last for at least another month. The one point on which they already agree, is that they will work out a common attitude; but their next joint meeting is not due to be held until the end of September.

Polish reform plans founder on public discontent

Few people in the country display any confidence in the economy's future, writes Leslie Colitt

MR MIKHAIL GORBACHEV'S vision of an alliance of economic reformers encompassing the Soviet Union, Poland and Hungary has been dealt a severe blow by the wave of strikes in Poland this month.

The labour unrest, however, is only the tip of an iceberg of economic and political discontent, which has effectively torpedoed Polish leaders' plans for economic reform.

Ironically, the strikes erupted only a month after Mr Gorbachev's visit to Poland and his blanket endorsement of the country's economic reform programme. Some Polish officials suggest darkly that the opponents of Mr Gorbachev's perestroika and glasnost in Moscow stand to gain the most from the present turmoil in Poland.

Even without work stoppages, though, Poles are displaying by their actions a total lack of confidence in the future of their economy.

An inflation rate of 50 per cent this year, as a result of sharp price rises last February and strike-induced wage increases, has led to a flight into material possessions. Stores selling silver and gold have been virtually emptied by Poles in search of inflation-proof goods.

Home-owners are interested in selling their houses only for dollars and even the buyers of the tiny new model Polski Fiat 126 are forced to pay the state $2,000 in hard currency for the car. Spare parts are virtually unobtainable for zlotys and even private Polish farmers are hawking their unrationed meat in the cities for dollars.

Private operators profit from the soaring black market currency rate of Zl 2,000 to the dollar by buying up goods for zlotys and illegally exporting them to the West for hard currency. The lucrative market for Polish handicrafts is increasingly in the hands of privateers, who channel them to West Germany.

While bemoaning such practices, the Government sells dollar coupons for use at the hard-currency Pewex shops at the black market rate for zlotys. A member of the central committee complained bitterly at a plenary session last weekend that toilet-paper was available only in the Pewex chain.

Poles who emigrated to the US and returned to Poland to live off their meagre social security cheques are now suddenly wealthy. One hundred dollars unofficially exchanged into zlotys results in Zl 200,000, or four times the average monthly wage of the Polish worker.

Central committee members directed massive criticism at the hefty price rises which triggered the first wave of strikes last April and May. Demands were made that those nominally responsible for economic policy — the Government, headed by Mr Zbigniew Messner, the Prime Minister — be called to account.

Professor Wladyslaw Baka, the recently appointed reformist central committee secretary for the economy, delivered a withering assessment of the reforms until now, and said entrepreneurship was desperately needed throughout the economy.

In fact, small-scale private entrepreneurship is booming in Poland, as citizens with skills and capital set up production facilities employing up to 50 people. Nearly 1.2m Poles now work in the non-agricultural private sector, and the number is increasing by 9 per cent annually.

All too frequently, though, they are out to make quick profits by catering to the well-to-do, or by providing baubles and bangles for women instead of the thousands of staple items which state industry is unable to provide in adequate supply or quality.

One private company specialises in producing satellite television antennae to receive programmes from Western Europe. Placed on the roof of one's villa, the dishes are the ultimate sign of having made it in Poland.

THE first stage of the economic reform which began in 1982 was designed to force Polish companies to become competitive. But it failed because of the ease with which companies could satisfy the huge demand for goods. As long as a market imbalance continues to exist, Polish economics officials see little prospect the Government will be able to implement further reforms.

Mr Erwin Pilchowski, the personal adviser to Mr Zdzislaw Sadowski, the Deputy Prime Minister for Economic Reform, said in an interview last week that the economic reforms introduced so far would have failed "even without the strikes." Strong opposition existed among workers to the introduction of greater wage differentiation. The pressing need to appoint company managers without the approval of the party remained "very controversial."

Dr Andrzej Wernik, head of the Financial Policies Department of the Finance Ministry, was also pessimistic about the Government's ability to carry out structural changes in industry. There was no alternative to the powerful coal industry, which, however costly in subsidies, was the nation's largest hard currency earner.

There were also no plans to shrink the energy intensive steel industry, as it could barely satisfy current demand. The coal, steel and engineering sectors are regarded as the main opponents of industrial reform.

Both men agreed that the only way out of the present economic impasse was through a dialogue between the Government and the opposition, which might convince the dispirited population that the inevitable social costs of a wide-ranging economic reform were worthwhile.

Bonn opposition party in confident mood

By David Goodhart in Münster

MR HANS-JOCHEN Vogel, chairman of West Germany's opposition Social Democratic Party (SPD), yesterday opened his party's bi-annual party conference boosted by opinion polls which put the SPD well ahead of the ruling Christian Democrats (CDU) and Christian Social Union (CSU).

The latest polls give the SPD 45 to 47 per cent of the popular vote compared to only 35 to 40 per cent for the CDU and CSU.

Mr Vogel was in confident mood as he poured scorn on the economic record of Chancellor Helmut Kohl's coalition Government and sketched out the SPD's priorities for the two years before the 1990 election.

But he warned the 440 delegates against over confidence and against speculation over new alliances with the Free Democrats, the junior party and lynchpin in the Bonn coalition, or the internally divided Greens.

He also implicitly admitted that the SPD, which won only 37 per cent of the vote in the 1987 elections, continued to suffer a credibility problem.

"The coalition clearly has no proper direction - people know this already. But we must still persuade people that we can achieve what they have failed to," he said.

Mr Vogel pointed out that West German unemployment is now half a million higher than when the SPD left power in 1983 at the height of the world recession.

In addition, West Germany had the highest public debt in its history, the lowest public investment since 1963, and the proportion of national income going to wages and salaries had fallen from 66 per cent in 1982 to 57 per cent last year.

The SPD's main problem, which it hopes to begin resolving at this conference, is lack of clarity and confidence in economic policy. The party was conducting its economic debate with a new self discipline, Mr Vogel said.

Pedal fury hits West Germany

Bicycle hubris is upsetting pedestrians, says Haig Simonian

MR Carl Hahn, chief executive of Volkswagen, does it. So does Mr Alfred Herrhausen, head of Deutsche Bank, who says he prefers it in the Taunus hills around his home. And Mr Friedel Neuber, the boss of Westdeutsche Landesbank, ideally likes to do it with friends.

All of them do it on two wheels for these and other captains of West German finance and industry, are cycling.

It is something of a craze in a country already obsessed by health and the need to keep fit. Staying in shape in Germany is not just a way of keeping the body beautiful — a timely concern for the millions of Germans currently lying on the beaches of Spain, Greece and further afield. Exercise is also a way of overcoming the nation's favourite ailment — "Kreislauf" — or circulation.

No office worth its salt is without its quota of bad circulation sufferers, whose most palpable symptom is usually no more than a general feeling of malaise.

But with more than 35m bicycles around more than one for every two Germans — and sales of almost 3.6m last year alone, the cycling craze is causing problems, Mr Kurt Krause, a spokesman for the Frankfurt police, talks of a "general lack of discipline" among riders. By contrast, members of the two-wheel lobby are pressing for further action to encourage people to take to the saddle.

West Germany's wealthy cities have long recognised the potential environmental benefits of the cycling boom. Many have spent lavishly on special cycle lanes alongside main roads. Munich alone has coughed up some DM20m ($10.7m) for its bicycle lanes. Best of all, big riverside cities such as Hamburg, Munich, Düsseldorf and Frankfurt all offer pleasant waterside paths for cyclists and pedestrians alike.

Bicycles in Bremen: part of a passion to improve the body beautiful

But it is in mixing the two that the problems start. For despite its proponents, cycling in Germany has its drawbacks — notably for those who prefer to keep both feet on the ground.

Ignoring traffic regulations by going down one-way streets, cutting through junctions or across red lights is a cyclists' prerogative the world over, and even the generally law-abiding Germans seem unable to resist the temptation.

Accidents are common. Some 819 cyclists were killed in 1986, a 6.4 per cent increase on the previous year. At least 727 of deaths were caused by accidents with motor vehicles, according to the Bicycle and Motorbike Industry Federation. And almost 17,000 serious injuries. Even the value of the much-vaunted cycle lane is now being questioned by some traffic planners, who argue it may contribute to accidents by encouraging segregated road users to be careless.

But what tends to distinguish German cyclists from their counterparts abroad is their air of moral superiority. In a country in which many — especially the young — affect an air of disdain for material foundations of the country's economic success, cycling has for some become an expression of the free spirit.

Some German cyclists can become laws unto themselves, with an stridently left-wing political message to boot. According to one club, cyclists are a "disadvantaged" group, which has to "fight" for its share of the road.

Breaking the radio aerials off inconveniently parked cars, or deliberately scratching otherwise offending vehicles are just two examples of their free-wheeling zeal.

Yet the crusade of some environmentally self-righteous riders is not always reserved for inanimate objects. For in built-up areas where no special cycle lanes exist, many cyclists take to the pavement and it is unusual for a cyclist to dismount, say, to give a pedestrian the right of way at a spot where a path narrows. Cases of pedestrians being hit by cyclists on the pavement are frequent.

Sometimes the stand-off between walker and rider almost resembles the battle of wills seen in the fast lanes of German motorways. After all, an aggressive cyclist is just as likely to be an aggressive driver.

Ironically, the attitude of many German cyclists towards pedestrians precisely reflects the behaviour they find so objectionable among motorists. But the attitude of some cycling clubs does little to encourage mutual understanding. One group wrote to its members recently complaining of "antiquated" traffic laws and advising them to seek "alternative methods."

The authorities believe better road education for cyclists is part of the answer.

But eliminating the holier-than-thou attitude of some German riders is another matter. Even in such an environmentally-conscious country as Germany, plain walking seems to have taken second place to the love of machines with wheels — whether two or four.

Soviet call for higher prices

By John Lloyd in Moscow

A SENIOR Soviet economist has sharply attacked price subsidies on basic products as causing shortages, and called for sweeping price rises to produce a more egalitarian society.

Professor Josif Kotlyar, a Gorky economist, writing in the paper Socialist Industry yesterday, says that "no other way exists" of increasing the supply of goods now in short supply — such as meat, milk, sausage and cheese — than allowing their prices to rise to meet a market level.

He echoes other calls to the authorities made recently to see in the queues, in rationing and in the large black and grey markets proof that the subsidies system is not addressing its ostensible aim of ensuring cheap staples for all.

Price reform is on the agenda of perestroika, or restructuring, which Mr Mikhail Gorbachev has set, probably timed for next year.

But the leadership is known to view it as one of the most difficult reforms it has yet to undertake.

There is widespread public fear that higher prices will not be accompanied by a greater availability of goods — a situation which the Polish Government has, in the past week, admitted occurred after its price reforms.

Prof Kotlyar, however, insists that "you cannot cheat the economy... If prices are kept low you may not get inflation but you do get shortages."

Using official figures from the state statistical bureau (Goskomstat), he points out that prices have doubled in the period 1971-85, but wages have more than tripled.

To crumble his point, he says that the suppression of the market leads to inequalities at least as great as in the capitalist US.

"In the US, 10 per cent of the people use 29 per cent of the wealth: the situation is certainly not less in this country — particularly since in Western countries people have to pay taxes as high as 70 per cent. Here no-one pays taxes on unearned income."

He points out that under the subsidy system, only the more privileged and those who work in the food supply sectors and their families are assured of a ready supply of food.

Further, the gap between state and "real", or market, prices is filled by speculators and racketeers, who now are not afraid to flaunt their wealth, and who employ administrative and law enforcement officials to protect them.

"The leader of the Mexican peasants revolt, Pancho Villa, in an effort to help his people, wanted to print as much money as he could.

"In just such a way have we increased the wages fund here. We put money into circulation for which we did not have the goods. You do not need to understand the laws of the economy but you cannot change them," he writes.

Hungary seen as model for disarmament moves

THE SOVIET and Hungarian armed forces could reduce their troop strengths in Hungary if agreement were reached in future East-West disarmament talks, according to Mr Peter Varkonyi, Budapest's Foreign Minister, Reuter reports.

Speaking in Budapest to a conference on European conventional disarmament, he said troop reductions in Europe could become a model for similar measures worldwide, the official MTI news agency reported.

"We hold that Hungary, due to its geographical location and political situation, would be an appropriate site for testing disarmament measures that could later be applied to the whole continent," Mr Varkonyi said. "These measures could refer to both the Hungarian people's army and the foreign forces stationed in our territory."

According to Western estimates, there are some 65,000 Soviet troops stationed in Hungary within the framework of the Warsaw Pact.

The US State Department said last month it thought Moscow might announce a unilateral reduction of its forces in Hungary, but Budapest officials have said such cuts would take place only within a broader context of East-West disarmament.

Eastern and Western delegates resumed negotiations in Vienna this week at the Conference on Security and Co-operation in Europe, hoping to conclude a final document and establish a mandate for new East-West talks on conventional arms reduction.

Mr Varkonyi said balance and reductions of conventional forces should not be viewed from a purely military angle. "We need a concept which integrates disarmament together with the enforcement of economic, political, cultural and human rights issues into a system of international relations," he said.

Bonn heads off air crash row with allies

By Haig Simonian in Frankfurt

WEST GERMANY'S Defence Minister, Mr Rupert Scholz, has moved quickly to prevent differences over Sunday's disaster at the US air base at Ramstein which has now claimed 47 lives, from becoming a serious cause of friction between the West German authorities and the allied military.

The disaster is to be discussed in a special session by the defence committee of the Bundestag (Federal Parliament) next week. However, the question of whether military flying displays will continue in the long term remains unsettled amid signs of conflicting opinion between the Bonn Government and the allies.

Mr Scholz has banned aerobatic displays and has also suspended all military flying displays in conjunction with the Allied air forces "until such time as decisions can be reached on how the preparedness and capabilities of the air forces can be shown convincingly to our citizens."

Both the Bonn Government and the state administration in the Rhineland Palatinate, where Ramstein is located, have faced heavy criticism for not banning military airshows earlier. The disaster has also become a focal point for critics of low-level military flying in general.

However, the issue has focused attention on the fact that Bonn still does not have complete control over West German airspace. Thus Mr Bernhard Vogel, the Rhineland Palatinate's prime minister, said on Monday that he had already reduced the number of airshows in the state from six a year to one. He emphasised that the change had come about through negotiations with the allies.

In a television interview on Monday night, Mr Richard Burt, the US ambassador, indicated that the question of returning control of certain parts of West German airspace to the domestic authorities could now be an issue for discussion following the Ramstein disaster.

● Denmark has ordered its air force not to take part in flying displays before civilian spectators until the end of the year, Reuter reports from Copenhagen.

Court orders Gerling arrest

A COLOGNE court yesterday issued a warrant for the arrest of the head of a West German insurance company accused of tax evasion over donations to political parties, Reuter reports. It was issued after Mr Hans Gerling, chairman of Gerling-Konzern Versicherungs Aktiengesellschaften, failed to appear for court proceedings. He is in a Swiss sanatorium with a heart complaint.

Mr Gerling is alleged to have evaded tax payments of DM800,000 (£190,000) by making donations to charitable foundations linked to conservative political parties.

Baltic states a testbed for Moscow's nationalist policy

Twelve other Soviet republics are following closely events in Estonia, Latvia and Lithuania, writes John Lloyd

THE PEOPLES of Estonia, Latvia and Lithuania together account for less than 3 per cent of the Soviet Union's 280m citizens — but they are receiving a lot of high-level attention.

Mr Mikhail Gorbachev and Mr Nikolai Ryzhkov, the Soviet Prime Minister, both found time for lengthy conversations with Estonian leaders. And Mr Georgy Arbatov, director of the prestigious USA and Canada Institute, made the journey to Riga, in Latvia, to talk to First Secretary Boris Pugo about expanding the republic's external economic contacts.

The reason is easily found. The Baltic republics are using the greater openness in Soviet public life, and the restructuring of the economy, to put solidly on the political map their desire for at least greater autonomy from Moscow.

What has developed is a careful, touchy dialogue between the republics and Moscow on the terms under which they will attain that.

It is important for the three republics, of course. But over their shoulders are the 12 other union republics, all of which, in one degree or another, have manifested a certain nationalist restlessness in recent times. How Moscow treats the Balts is critically important for the framework of nationalist policy for years ahead.

So far, the treatment is largely velvety. Large demonstrations in the three state capitals last week — including spin-off rallies which appeared to lack official authorisation — were lightly policed, with no reported arrests, in spite of calls for a complete break from Moscow and the establishment of wholly independent states.

The vexed issue of the Nazi-Soviet pact, under a secret protocol of which the states were incorporated into the Soviet Union during the war, has been treated in a rather shamefaced way by Moscow — with commentators using the line that at least it was better than the Nazis taking over (that was, certainly, the real choice).

Perhaps more importantly in the long run, the central authorities have so far acquiesced in the establishment of movements which have a clearly political aim, which intend to put forward candidates for the republican soviets and which are sharply critical of Moscow. It is never so stated in press or other commentaries, but in these movements are the potential germs of separate political parties.

The most public is the Estonian Popular Front. Its full name, the Popular Front for the Support of Perestroika, gives it a legitimacy and, indeed, defines its aims. These are to push for a substantial amount of republican economic autonomy, within the framework of the Soviet Union.

Mr Edgar Savisaar, an economist who is one of the Popular Front's leaders, is a fierce critic of centralised economic policies and has reportedly been offered the job of deputy minister charged with the task of carrying through self-government.

The front's manifesto, which owes a good deal to Mr Savisaar's drafting, openly regrets the loss of statehood (briefly enjoyed before the war), sees Soviet perestroika as allowing decentralisation which would be "the only realistic alternative to national pessimism," and warns, guardedly, that were perestroika to fail, that "would force us to look for other possibilities in defence of the Estonian land and people."

The Estonian Communist Party, which clearly has its qualms about the front, has nevertheless gingerly embraced it. Mr Indrek Toome, head of ideology in the republican party, told Pravda yesterday that "we have to co-operate with the Popular Front" - though the newspaper warned of the presence of demagogues and anti-socialists in its ranks.

But that has a cost: in Estonia, as in Latvia and to a lesser extent in Lithuania, there is a substantial minority of Russians, who have moved to the Baltic countries since the war. The Pravda article paints a picture of the Estonians and Russians living in virtual apartheid — the former having moved out of the big state-run companies into local enterprises, the latter not bothering to learn, or to teach their children, the formidably difficult Estonian language.

The newspaper quoted a Russian engineer as saying that almost all facilities, including schooling, were separate, and that mixing simply did not happen. The Russians fear any change will be the worse for them, and have formed a movement called the International Front to speak for their interests.

In particular, they fear that the proposed establishment of Estonian citizenship (for which five years' residence is required), and making the Estonian language official, will discriminate against them and their children.

In Latvia, where Russians make up a third of the population, a Baltic-Slavonic society has been set up with broadly similar concerns, and the aim of "mending bridges of mutual respect between Latvians and Russians." The front has imitators.

An Estonian green movement has begun. Its chairman, television journalist Mr Yukhan Aarye, said the group would put forward candidates to the local soviets on a platform of opposing centralised industrial decisions which ruin the environment.

These states are among the wealthiest and most advanced areas of the Soviet Union: their peoples seem unlikely to be fobbed off, and have clearly retained a substantial national feeling and culture, as well as a living language. Moscow's treatment of this national problem is a delicate and hugely important part of its modernisation project.

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Japanese trade surplus shows growth of 16%

By Ian Rodger in Tokyo

FURTHER evidence that Japan's trade surplus appears to be resuming a strong rising trend emerged yesterday.

Merchandise trade surplus in the first 20 days of August reached $2.8bn, 16 per cent higher than in the same period last year, according to the Ministry of Finance. Exports surged 21.7 per cent to $12.9bn on a customs cleared basis while imports maintained their recent strong growth, up 23.2 per cent to $10.1bn.

In the full month of July, Japan's merchandise trade surplus rose for the first time in 15 months, up 4.3 per cent to $7.2bn. Many economists have been predicting a resurgence of Japan's trade surpluses because of the remarkable productivity gains by Japanese manufacturers in the past two years and buoyant consumer demand in the US and elsewhere.

These latest trade figures were in line with other statistics published yesterday showing that Japan's economy is still performing strongly.

- The unemployment rate for July was 2.5 per cent after seasonal adjustments, 0.1 per cent higher than the month before. The rate has fallen from a peak of 3.1 per cent in May last year.
- Sales by large retailers were up 8.5 per cent to Y1,736.9bn (£7.7bn) in July, according to the Ministry of International Trade and Industry. The figure, composed from the results of 371 department stores and 1,961 supermarkets and convenience stores, was the second highest this year after February's 8.6 per cent. Miti said the cool weather in July induced stores to bring forward bargain sales. Also, there was an extra Saturday and Sunday in the month.
- Industrial output in July, seasonally adjusted, fell 0.7 per cent from the previous month, after a 3.3 per cent rise in June. The production index stood at 111.5 in July (1980=100).

Peking to hold prices to year end

CHINA yesterday confirmed a planned price freeze for the rest of the year and warned that the grain harvest could be smaller than in 1987 because of natural disasters, Reuter writes from Peking.

Government television said the State Council met to discuss price reform policy and banned price rises until the start of a five-year programme in January 1989. Inflation next year would not be as high as this year, it quoted ministers.

Premier Li Peng, shown presiding over the meeting, was quoted as saying the grain harvest could be smaller than last year because of floods and drought. China's harvest totalled 404.7m tonnes in 1987, including such crops as soybeans.

According to official figures, prices rose by a national year-on-year average of 13 per cent in the first half of 1988 but western economists say the rate is much higher.

Main cities have been swept by panic buying and runs on banks in recent weeks because of fear of more price rises caused by the Government reducing food subsidies.

The State Council ordered local governments not to raise prices without permission from the central authorities. It said speculators who pushed up prices and tried to control markets would be punished.

Peace in sight for Western Sahara

Edward Mortimer on origins and future of an historical accident

THE WESTERN Sahara conflict, to which an end is at last in sight after yesterday's agreement in Geneva, has been a painful, almost grotesque, result of the unwritten law that all territory in the modern world, no matter how sparsely inhabited, must come under the exclusive jurisdiction of an internationally recognised nation state.

That notion, as unfamiliar to 19th century Africa as to medieval Europe, was imported largely by accident as a result of European powers' need to regulate their competition for control of African markets and resources by delimiting the continent into spheres of influence.

The question whether the area that became the Spanish territories of Saguiet-el-Hamra and Rio de Oro was or was not "part of Morocco" was probably not one that had occurred, before colonisation, either to the few nomadic inhabitants of that territory or even to the Sultan of Morocco himself. The International Court of Justice, in the advisory opinion which it gave at the request of the UN General Assembly in 1975, found no legal ties strong enough to override the right of self-determination which, according to 20th-century norms, was vested in the territory's inhabitants.

Spain under General Franco was slow to bow to the prevailing wind of decolonisation. It was not until 1974 that Madrid announced plans for a referendum in tha Sahara; whereupon King Hassan of Morocco immediately rejected any referendum which included independence as an option.

In the event no referendum was held, but a UN mission in May-June 1975 found an "overwhelming consensus among Sahrawis within the territory in favour of independence and opposing integration with any neighbouring country". In spite of this King Hassan stepped np the pressnre. A "Green March" of 350,000 Moroccan civilians arrived at the frontier in early November, preceded at certain points by Moroccan troops.

Franco was by this time in his final coma, and his ministers were not prepared to fight Morocco to secure the independence of a colony from which Spain had only with reluctance agreed to withdraw. On November 14 1975 they signed an agreement transfarring power in the Sahara to both Morocco and Mauritania, the two countries having meanwhile agreed between themselves to partition the territory.

On February 26 1976 Spanish administration formally came to an end. But next day an assembly convened by the Polisario Front proclaimed the independence of the "Sahrawi Arab Democratic Repnblic" (SADR), which enjoyed the backing and soon the recognition of Algeria.

War between Morocco and the Polisario has continued ever since, though in 1979 Mauritania signed a peace treaty with the Polisario and withdrew. Morocco promptly annexed what had been Mauritania's share of the territory. Morocco indeed has consistently controlled most of the coastlina and above all the "useful triangle" comprising the capital, El Aaiun, the phosphate mines of Bu Craa, and the conveyor belt linking them to the sea. Gradually it has extended its control of the surrounding desert by building a series of defensive walls.

The Polisario, operating from hases in and around Tindouf in Algeria, has used hit-and-run tactics to make holding the territory an expensive nuisance for King Hassan hut does not seem to have dented the national consansns within Morocco that the Sahara is an inalienable part of tha national soil. Its successes have been mainly in tha diplomatic arena, including recognition of the SADR by over 70 countries and above all full membership of the Organisation of African Unity, which provoked King Hassan to leave that body.

But the Polisario has been crucially dependent for both military and political successes on Algerian support, and the resumption of diplomatic relations between Morocco and Algeria this May, after a freeze lasting throngbout the war, has clearly placed it under irresistible pressure to make concessions.

On paper it has won a victory by winning King Hassan's agreement to withdraw his troops to barracks, and in part from the territory as a whole, while allowing a referendum supervised jointly by the UN and the OAU. But it seems unlikely that the King has consented to a process that will ohlige him to recognise the Sahara's independence.

That ontcome could ba expected only if the right to vote is accorded to all the "refngees" (more than 165,000 according to the Algerians) now living under the Polisario's control in and around Tindouf. Morocco has consistently danied that the majority of these do in fact originate from the former Spanish territory. If it now concedes that point, it will most likely be in exchange for an agreement by the Polisario to advocate a compromise solution, involving some form of autonomy well short of full independence.

Botha may call early election

By Jim Jones in Johannesburg

PRESIDENT P.W. Botha has called a joint sitting of South Africa's three racially-separate parliaments for Friday amid growing speculation that he will call a snap general election to coincide with municipal elections on October 26.

The speculation has been fuelled by the deepening constitutional crisis caused by the Botha Government's determination to force stricter residential segregation laws through the legislative process in spite of blocking moves by Indian and coloured parliamentarians.

Under the constitution, this Friday is the last day on which an October 26 election can be called.

Yesterday Mr Chris Heunis, Minister of Constitutional Development and Planning, met the Rev Allan Hendrickse, the leader of the coloured Labour Party, in an apparently unsuccessful effort to defuse the crisis. The party wants the Group Areas Act, cornerstone of residential sagregation, repealed. The Indian and coloured parliaments' refusal to debate the legislation blocked its passage until the Government shrugged the constitution aside with plans to promulgate the new laws after passage through the white house alone.

Israel offers attractive terms for bank shares

By Andrew Whitley in Jerusalem

THE Israeli Treasury yesterday dissipated a large cloud hanging over the national economy, announcing attractive terms for the roll-over of $3.6bn of state-guaranteed bank shares falling due for redemption at the end of October.

The apparent removal of the liquidity crisis posed by the looming redemption will also give a boost to Mr Moshe Nissim, the Finance Minister, and his Likud party colleagues, facing the voters on November 1.

The $3.6bn constitutes the bulk of the private banking system's shares affected by a market crash in October 1983. To save the entire system from collapse, the Government was compelled to step in and guarantee the pre-crash market value of the shares.

Since then the authorities' key goal has been to avoid a formal nationalisation of the major Israeli banks – trying to create conditions for the shares eventually to return to private hands.

According to Mr Gad Arbel, the Treasury's capital markets commissioner, holders of five-year bank "arrangement" shares wishing to cash in their securities on October 31 will receive the shekel equivalent of $104 for every $100 worth. But, if they choose to extend their life for a further three years, on maturity they will be entitled to $125.50.

The terms offered represent a 6.5 per cent annual yield, linked both to the US dollar and the domestic cost-of-living index, whichever is higher. The securities will also be tradeable on the Tel Aviv Stock Exchange, in effect, transforming them into index-linked government bonds.

Almost all the $3.6bn is believed to be held by Israeli financial institutions. And, as the terms announced yesterday are significantly better than those available from comparable gilt-edged securities, brokers expect most shareholders to accept. "This will definitely appeal to the funds," commented Mr David Tobias of the Finance and Trade Bank.

Two previous tranches, of $660m and $820m respectively, were redeemed in October 1985 and October 1987, mostly by small private shareholders. An estimated further $700m falls due in October 1989.

Opposition in Burma ponders next move

By Richard Gourlay in Bangkok

LEADERS of Burma's first opposition alliance formed in 26 years met yesterday to plan how to force the teetering ruling party to meet nationwide demands for the immediate return of democracy, diplomats in Rangoon said.

The leaders of the Alliance for Democracy, Peace and Freedom met separately from the students who have been leading the struggle against the one-party system, sources told Reuters in Rangoon. The Alliance was formed on Monday with U Tin Oo, a sacked army chief of staff and U Nu, the last civilian President, as its head.

Rangoon Radio, which remains in government control, broadcast an appeal to monks and the people to restore rail services because lack of trains was driving up food prices. It seemed the only official response to the monks, students and middle class Burmese who have taken over the streets of many towns, setting up neighbourhood organisations to keep the peace. They are defying the constitution in setting up an opposition alliance and student unions.

Floods worsen lot of Sudan's famine victims

TENS OF thousands of people are fleeing floods in south Sudan, which was already suffering from a severe famine, a provincial governor said yesterday, Reuter writes from Khartoum.

Mr Morris Lawiya, Equatoria province governor, said the worst-affected area was the district of Torit, where three months ago 15 people a day were reported to be dying of starvation. He said there was now absolutely no food in the town, but its population of 80,000 had been swollen by 30,000 people made homeless when the nearby Kinyati river burst its banks.

"The people who fled from Torit in the last few months because of the famine in the town have now also returned," Mr Lawiya said. He said many people desperate for food had set out to walk from Torit to Juba, the provincial capital 80 miles away, through an area heavily mined by rebels of the Sudan People's Liberation Organisation.

Mr Lawiya said that famine had resulted elsewhere in southern Sudan from a breakdown in normal agriculture caused by the war against the SPLA.

UN chief presents Gulf talks compromise plan

By Andrew Gowers, Middle East Editor, in Geneva

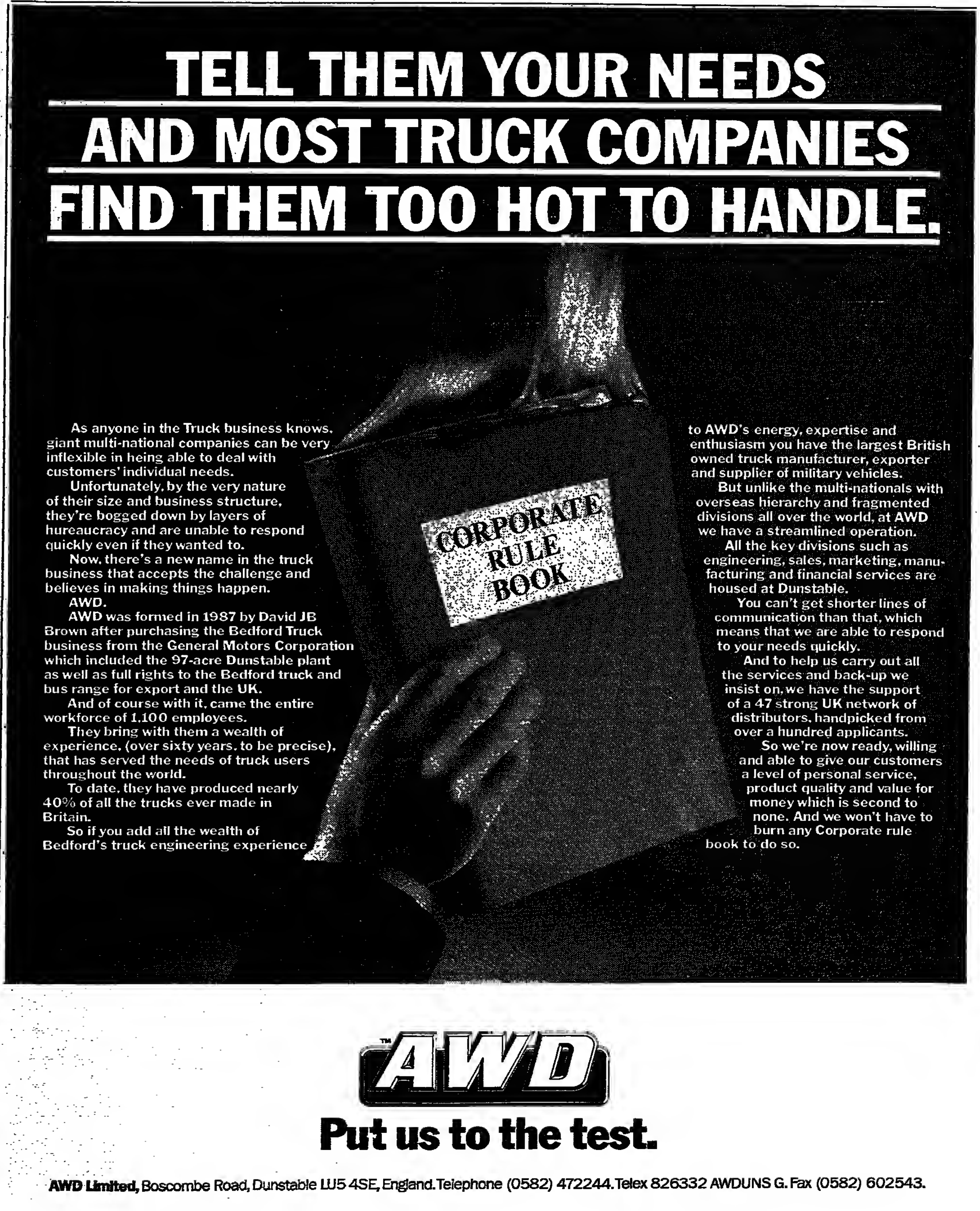
THE UN Secretary-General is expected today to present the Iranian and Iraqi foreign ministers with a compromise plan setting up guarantees of freedom of navigation for both countries in the Gulf, a withdrawal of troops behind the international border, and a study on clearing the disputed Shatt al-Arab waterway.

The planned ministerial-level meeting – after an interruption of two days – was being described by Western diplomats in Geneva as a "make-or-break" session, with Mr Javier Perez de Cuellar enlisting the full weight of the UN Security Council behind his plan.

But it is still not clear whether the compromise will prove acceptable to Mr Tariq Aziz, the Iraqi Foreign Minister, who has refused to discuss measures to consolidate the 10-day-old Gulf ceasefire until Iran meets his demands on navigation rights and on the Shatt al-Arab.

Mr Perez de Cuellar's proposals already reflect a significant reduction in the scope of the Iran-Iraq talks which began last Thursday. At the outset, he had hoped to agree a timetable for the withdrawal of troops, exchange of prisoners of war and the establishment of an impartial body to inquire into responsibility for the war.

At Iraq's insistence, he is now having to propose three different steps in strict sequence, the first of which remains highly controversial. Mention of the impartial body which Iran regards as essential has been shelved.



AMERICAN NEWS

Arrests in Chile as junta picks candidate

By Mary Helen Spooner in Santiago

CHILEAN police arrested 21 people in a human rights demonstration in Santiago on Monday as the country's military commanders prepared for yesterday's meeting to choose a candidate for the one-man presidential plebiscite scheduled for later this year.

Security was tight during yesterday's deliberations by the junta as authorities cut off traffic for several blocks along the capital's principal avenue near the Chilean Defence Ministry, where the commanders of the air force, navy and national police gathered with General Augusto Pinochet.

Government supporters have organised a rally to take place outside the La Moneda presidential palace after the junta officially announces the candidate. De Defence Minister Admiral Patricio Carvajal said that peaceful demonstrations by opponents of the regime were "perfectly authorised" but that officials would intervene to stop any demonstrations which threatened to spill over into violence.

Pinochet: tight security

In Monday's demonstration about 700 demonstrators carried cardboard silhouettes of human figures bearing the names of Chileans who disappeared during the 15-year-old military regime. Under each figure's name was the question "Did you forget me?" and the words "yes" and "no", an allusion to the forthcoming plebiscite.

Riot police broke up the demonstration with tear gas and water canon and detained 17 women and four men on charges of disorderly conduct.

RJR Nabisco gambles on 'smokeless' cigarette to protect tobacco sales

RJR Nabisco, the second-largest US tobacco company, has begun taking first orders from shops and supermarkets for a new type of "smokeless" cigarette which it hopes will transform a harried and declining business, writes James Buchan in New York.

Amid complaints from doctors and anti-smoking groups who want the product banned as a quack drug, RJR's armies of salesmen on Monday began selling its new Premier brand in the markets of St. Louis, Missouri and Phoenix and Tucson, Arizona. "It should be available at retail about October 1," Mr David Iauco of R. J. Reynolds Tobacco in Winston-Salem said yesterday.

The cigarette, which heats rather than burns tobacco and produces almost no smoke from its tip, is a defiant gamble by RJR and its Canadian-born chairman, Mr Ross Johnson, to protect the tobacco business from spreading opposition on health grounds. The almost $20bn US tobacco industry is declining at 2 per cent a year.

"Okay, by '92 if it hits what we think it's going to hit, we really will have semi-revolutionised this business," Mr Johnson said recently. Just three or four percentage points of market share would give RJR a huge new source of revenue and profit, Wall Street analysts say.

But Madison Avenue people say that Premier presents RJR with a truly complex and possibly perilous marketing challenge. They say that RJR (and its advertiser, Young & Rubicam) must market Premier to addicted, reluctant or party smokers partly as a "safe" cigarette.

But they cannot make this claim unless they are ready to prove to Washington that the smoke is, in effect, a medicine. That would leave the industry vulnerable to legal challenge on conventional cigarettes.

Mr Iauco said. "We're making no health claims. The major theme is that this is a cleaner smoke, which virtually eliminates sidestream smoke and also reduces the controversial compounds" in conventional cigarettes.

Moscow accused of violating Afghan deal

By Lionel Barber in Washington

THE US yesterday accused the Soviet Union of breaching the Geneva peace accords on Afghanistan by sending bombers from Soviet territory to hit rebel targets near the northern city of Kunduz.

Mr Michael Armacost, a senior State Department official, is to raise the matter with Mr Yuli Vorontsov, his Soviet counterpart, at a meeting scheduled to take place in Moscow tomorrow.

The Soviet decision to reoccupy Kunduz, about 27 miles from the border with the Moslem region of the Soviet Union, marks the first time Moscow has returned to a city abandoned since it began its overall withdrawal last May.

A US official said the Administration did not, however, intend to challenge the Soviet commitment to the withdrawal of 120,000 troops from Afghanistan by next February. "The Soviet withdrawal is on track," the official said.

Moscow was evidently unwilling to cede a major provincial city close to its border during its troop withdrawal and was concerned about the strength of the Afghan army and the Soviet-backed puppet regime in Kabul, the official said.

Afghan rebels captured the city of Kunduz, soon after Red Army forces withdrew on August 13. But the resistance was forced to give it up after the Soviet army launched heavy bombing and artillery attacks.

Ms Phyllis Oakley, the State Department spokeswoman, replying to questions, said the US would raise the matter with the United Nations observer group monitoring the agreement.

"It is clear that Soviet bombers have been involved . . . In our view this is a violation of the accords," she said.

Under the UN-sponsored Geneva accords, the Soviet Union agreed to end their eight year occupation of Afghanistan by next February, with half of their 120,000 troops to be removed by August 15.

The US and Soviet Union reserved the right under the Geneva accords to supply arms to their respective clients during the withdrawal period. Separate general understandings to exercise restraint have foundered on continuing clashes between the Kabul regime and factions in the Afghan resistance, some of which have continued to attack Soviet troops.

White House accepts court ruling on PLO

By Lionel Barber in Washington

THE Reagan Administration has decided not to appeal against a court ruling allowing the Palestine Liberation Organisation to maintain its observer mission to the United Nations.

The decision marks a victory for the US State Department which fought congressional legislation that sought to close down the PLO mission. A federal court in Manhattan had ruled earlier that the 1987 Anti-Terrorism Act did not apply to the PLO office.

The State Department argued that closing the office would damage the US role as host to the UN and harm US relations with Arab and Third World countries.

US officials said that they had not been influenced by recent statements from PLO leaders saying they were willing to set up a provisional government in the territories of the West Bank and Gaza occupied by Israel. Some consider such a move as the prelude to PLO recognition of Israel's existence as a state.

US officials said they would still oppose PLO moves to reopen an office in Washington. It remains in doubt whether the Administration would grant a visa to Mr Yassir Arafat, the PLO leader, if he applied to speak at the UN General Assembly this year.

Police break up Panama protest

POLICE fired birdshot and threw teargas grenades to break up a demonstration yesterday by students upset with a shortage of school supplies, AP reports from Panama City.

At least four protesters were slightly wounded, witnesses said. A broadcast on the US Southern Command's television station warned US military personnel not to enter the area.

Congress majority likely for Salinas

By David Gardner in Mexico City

AFTER two weeks of parliamentary skirmishes with the opposition, Mexico's ruling Institutional Revolutionary Party (PRI) looks to have established a majority in Congress sufficient to ratify Mr Carlos Salinas de Gortari as President-elect and avoid a general review of last month's disputed election results.

By late Monday night, after a series of long sittings in the Chamber of Deputies, the PRI's 20-seat majority proved sufficient to steamroller through congressional results which will conserve this margin when Congress later this week becomes the Electoral College which delivers the final verdict on the presidential contest.

Though in theory it could take Congress two months to ratify the new President, the PRI is expected to try to engineer an early resolution within the first two weeks of September.

The ruling party has made token concessions by awarding first-past-the post seats in Congress to opposition candidates from areas where ballot-rigging was most visible. But it has systematically refused to submit disputed areas to the test of a recount.

This foreseeably would have at least lowered its victory margin below 50 per cent. Though of little practical consequence in the presidential contest, a figure of less than 50 per cent would leave the PRI and opposition in Congress evenly divided and Mr Salinas at risk. With more than half the votes for Congress, the law guarantees the ruling party 260 seats against 240 for the combined opposition, since what the PRI loses in the 300 seats decided by simple majority it recovers in the 200 proportional representation seats.

The still incomplete official results of the July 6 presidential election gave Mr Salinas 50.4 per cent, against 31.1 per cent for Mr Cuauhtemoc Cardenas's broad left National Democratic Front (FDN) and 17.1 per cent for the right-wing National Action Party (PAN). Both the left and right dispute these results and most of their deputies boycotted the final sessions of Congress.

PRI leaders stressed yesterday that – despite the less than democratic spectacle of its congressmen largely deciding the fairness of the contests which supposedly elected them – the procedures followed have been in strict accordance with the law. Mr Guillermo Jimenez Morales, its leader in Congress, said the congressional results were "legitimate and valid. . . conforming to organic [electoral and constitutional] law and the rules [of Congress]." Mr Cardenas said "they can give [the results] a form of legality but what they can't do is make them legitimate".

Though the reformist group led by Mr Salinas has frequently stated that the credibility of the elections was its central concern, it now appears to have closed ranks with the PRI old guard and set its face against any concessions on the results. Instead it is seeking to "legitimise" the Salinas mandate by offering to negotiate with the opposition on democratic reform.

Mr Manuel Camacho, PRI secretary-general and Mr Salinas's closest political adviser, this week set out the regime's terms to the opposition by offering a "broad dialogue" leading to a "national accord". He quoted weekend remarks by President Miguel de la Madrid saying "we will not permit the destruction of the system" and echoed a recent manifesto by a wide spectrum of leading intellectuals warning all parties they were risking a return to Mexico's "past of intolerance and fratricidal struggle".

Bush takes shelter behind SDI ambiguity

By Lionel Barber in Washington

MR GEORGE BUSH, US Vice-President and the Republican candidate in November's presidential election, is conducting a tricky balancing act on the Strategic Defence Initiative – the "Star Wars" programme – which is tantalising not only policy analysts in the Kremlin but also conservatives within his own Republican Party.

Mr Bush's ambiguous pronouncements are a microcosm of his ambivalent relationship with conservative Republicans who, like President Reagan, believe that the SDI space-based anti-missile defence system is a winning political issue in the November election.

Mr Bush needs these conservative activists in November, but some of his advisers have urged him to retain flexibility on SDI. They want to avoid further categorical commitments such as the flat "No tax increase" pledge which has already boxed in the Vice-President on his future budget options.

In the background, the debate within the Reagan Administration remains unresolved on the shape and timing of SDI deployment, as well as the future of the 1972 ABM treaty with the Soviet Union which bans such anti-missile defence systems.

Governor Michael Dukakis of Massachusetts, the Democratic nominee, has said that the US does not need SDI but has suggested he would continue research while beefing up conventional weapons.

Mr Bush's SDI minuet began last week when he told an audience in Los Angeles that he would go forward with the initiative and "make a safer world". But the next day he gave an interview to the New York Times and said that any deployment decision would be subject to scientific and budgetary constraints. "I don't think we yet know what the price tag will be," he said.

Mr Bush then uttered a further homey, in the view of conservatives, by expressing an interest in a partial deployment of SDI.

According to Mr Michael Krepon, an arms control expert at the Carnegie Institute in Washington, Mr Bush is walking a tightrope between the right wingers who want a cast-iron commitment to a space-based system whatever the cost, and "the realists" led by former Mr James Schlesinger, a Defence Secretary, and former Texas Senator John Tower who envisage a more limited, less exotic version.

Brazil draft budget aims to slash spending by 10%

By Ivo Dawnay in Sao Paulo

PRESIDENT Jose Sarney of Brazil was yesterday studying the final draft of an austere 1989 budget which aims to slash spending by up to 10 per cent compared with this year.

Extensive leaks indicate that Mr Joao Batista de Abreu, the Planning Minister, wants cuts of up to Cz1,300bn ($4bn) to reduce the public sector deficit from a forecast 4 per cent of Gross Domestic Product this year to less than 2 per cent.

The latter figure is the target agreed between Brazil and its international creditors in debt rescheduling agreements which are nearly finalised. As such, it is unlikely to find popularity with congressmen, many of whom oppose the terms of the debt accords.

Hundreds of programmes and several long-standing subsidies face Mr Batista's axe; while elsewhere budgets are expected to remain frozen.

Congress, which would have greater budgetary powers, may alter priorities but cannot raise the spending total. The draft must be approved or rejected by November.

WORLD TRADE NEWS

De Clercq renews warning on EC trade after 1992

By William Dawkins in Brussels

FOREIGN companies cannot expect guaranteed access to the European Community's barrier-free market after 1992, Mr Willy De Clercq, the Commissioner for external trade, warned yesterday.

He told a conference in Alpach, Austria: "Where international obligations do not exist, as for example in the field of services, we see no reason why the benefits of our internal liberalisation should be extended unilaterally to third countries."

Mr De Clercq said the EC would only open its borders on the "basis of a mutual balance of advantages in the spirit of the Gatt." That meant negotiating reciprocal concessions with third countries, both multilaterally and bilaterally.

Mr De Clercq's remarks repeat a message he gave in London last month which provoked anxiety among the EC's main trade partners. The fact that he is reiterating the warning so soon is likely to heighten US and Japanese fears of EC protectionist tendencies, especially in the wake of the international concern provoked by the new US Omnibus Trade Law.

Mr De Clercq said he wanted to dispel fears of a "fortress Europe", but stressed that the internal market's main aim was to remove barriers between EC countries.

Brussels has set out how it plans to pursue the principle of reciprocity in a scheme now being considered by member states, which would allow EC banks to open branches in other member states with almost no formalities.

The Commission proposes that foreign banks should only get that freedom if their home countries offer the same rights to Community institutions.

British banks dislike the idea because they fear being caught up in reciprocity rows originating in other member states. However, Mr De Clercq argued yesterday: "What we wish to do is to provide ourselves with negotiating leverage with which to pursue our general aim of overall reciprocity."

● The Commission has imposed temporary anti-dumping levies on imports of copper sulphate from Bulgaria and the Soviet Union.

The duties, 20 per cent for Soviet imports and 29 per cent for Bulgarian copper sulphate, come in response to complaints from Cefic, the EC chemicals industry federation. Cefic alleged that the two eastern bloc countries had failed to stick to earlier promises not to sell copper sulphate in the EC at prices below those charged on their home markets.

An offer India cannot afford to refuse

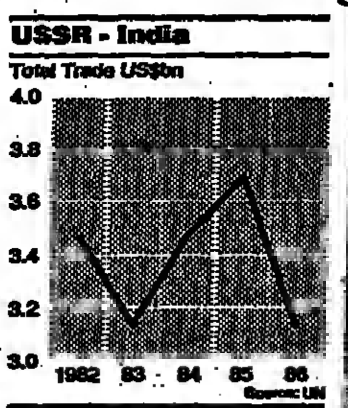
Soviet trade with India is booming on the back of cheap credit, writes K K Sharma

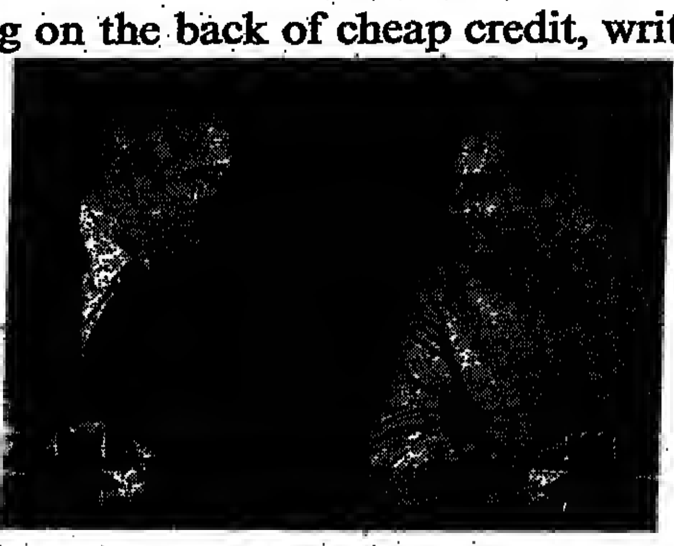
EXPORTING Soviet nuclear power plants might not seem the easiest of tasks. But Moscow will, soon sign a deal to set up two 500MW plants in south India.

The agreement, to be signed when Mr Mikhail Gorbachev makes his second visit to India in the autumn, is just one manifestation of a huge growth in trade between the two countries.

The main reasons for the increase – up 25 per cent a year in the past two years and likely to continue at this pace until at least 1995 – are the political will to speed up the economic relations and the remarkably good terms that Moscow offers.

In the case of the nuclear plants, the terms often make it impossible for India to reject what are ridiculously low-priced offers. Indo-Soviet trade is conducted not in scarce hard currency, as is the case with western countries and Japan, but through a trade plan in which imports and exports of both countries are balanced annually.





Gorbachev and Gandhi: a political will to boost trade 250% by 1995

Imbalances are dealt with through what are known as "technical credits" which have been mostly in India's favour and which the country has used to buy sophisticated Soviet defence equipment inexpensively.

The defence equipment and the plant and machinery are available at irresistibly soft terms. Two lines of credit worth 2.5bn roubles (£2.3bn) have been extended at such low interest rates and long repayment periods that nearly 70 per cent of the cost works out to be a grant.

Said an Indian official involved in Indo-Soviet trade: "The trade is not in hard currency, the Russians always transfer technology and prices are low so this means there is a net additionality of resources." For a country acutely short of funds for its development projects, such offers are impossible to resist.

The Soviets have been showing a new aggressiveness in the Indian market since Mr Gorbachev first visited India two years ago.

When he visits again in November both countries will review progress towards the aim of increasing trade by 250 per cent by 1995. The progress report that their experts will turn in will be more than satisfactory.

Power generation is the main sector involved. The signing of the nuclear power deal will be the highlight of Mr Gorbachev's visit, although the projects have been agreed in spite of Indian hesitation about the quality of Soviet technology.

Moscow will also help ease the acute shortage of electricity in India by adding 10,000MW of capacity in hydro-electric and thermal plants. Another 1,500MW is to be generated from lignite at Neyveli while yet another 16 smaller stations built with Soviet aid are to be modernised.

In coal mining, the Soviet Union will start three open-cast mines in the Bihar-West Bengal belt to yield around 14 million tonnes a year while another underground mine is to be launched at Jhanjaria which is only one of eight such projects identified for Soviet aid.

In oil, Moscow is helping exploration in North Cambay, Cauvery and West Bengal and are the only foreigners to be allowed onshore drilling in India. The Soviets are also helping to restore "sick" wells. They will be partners with the government-owned Indian Oil and Tata Chemicals for a new refinery at Karnal in Haryana.

In the steel sector, the Soviet Union has made a joint bid with Mannesman Demag of Germany to modernise the British-built steel plant at Durgapur in the Indian state of West Bengal, a project for which British Steel is considered the front runner. And it is to modernise the Soviet-built plant at Bhilai in Madhya Pradesh and expand the Bokaro plant.

In addition, the Soviets have bid for "production co-operation" projects and joint ventures with Indian public and private sector companies that will cater to markets in both countries. At least 70 such ventures are being discussed and these should now gain momentum with the establishment of a special Soviet association for business co-operation with India.

The aim is to restore the Soviet Union to its former role as a leading supplier of capital goods, plant and machinery and as a constructor of projects in India. This role was lost in the last decade when nearly 80 per cent of Soviet exports were made up such raw materials as crude oil, petroleum products and fertilisers because the Soviets were unable to supply India with the quality of modern technology and machinery that it required.

Since Mr Gorbachev's visit two years ago and the agreement with Mr Rajiv Gandhi, India's prime minister, to increase rapidly their economic contacts so that these harmonise with their close political relations, the Indians have discovered that the Soviets do, in fact, have various euitable technologies.

Israel's US trade privileges at risk

By Nancy Dunne in Washington

ISRAEL is in danger of losing special trade privileges with the US because of alleged abuses of the rights of Palestinian workers.

Mr Clayton Yeutter, the US Trade Representative, has added Israel, one of the closest US allies, to the list of countries whose trade benefits may be denied and is to investigate Israeli labour practices.

The investigation is part of an annual review of complaints about foreign labour practices, but it is unusual for the trade representative to agree to investigate a close ally. Other investigations were ordered into the labour practices of Burma, Haiti, Liberia, Malaysia and Syria, but Mr Yeutter turned down petitions claiming abuses in El Salvador, Guatemala, Indonesia, the Philippines, Thailand and Turkey.

The complaint against Israel was filed by the American-Arab Anti-Discrimination Council which alleged that Palestinian workers "are routinely denied the protection historically provided by trade unions." It claimed that Gaza Strip trade unions were prohibited from soliciting members, holding meetings and conducting elections; that many West Bank unions had been closed; and that numerous union officials had been arrested and were awaiting deportation.

Mr Gary Holmes, a spokesman for Mr Yeutter, said, "A lot of people in the government think the allegations had some basis in fact." If a country is found to deny worker rights and fails to agree to improve its practices it can be removed from the Generalised System of Preferences, which allows duty-free access to the products of developing countries.

A decision will be announced at the GSP annual review next April.

It has been expected for some time that Israel would be removed from the GSP because of its status as a middle income country. Anticipating such moves, Israel and the US signed a free trade agreement in 1985 phasing out all tariffs and duties over ten years.

Israel's US embassy said it would refute the allegations.

Turkey and Iran agree power deal

By Jim Bodgener in Ankara

TURKEY appears well placed for the boom expected in Iran following the Gulf war ceasefire, after signing a protocol for joint-venture power plants burning imported Iranian gas.

The protocol covers construction of plants in eastern Anatolia and in Iskenderun to the south-east. The first will use piped gas and the second liquid natural gas shipped from Iran. Power from the first would be shared between the two countries – the second would generate electricity for a steel complex near Iskenderun, and also power joint-venture fertilizer and other chemicals plants.

Pakistan may also be included in the scheme – with Turkey and Iran it forms the regional Economic Co-operation Organisation. A joint marketing study will also be carried out for Iranian gas exports via a proposed pipeline across Turkey to Europe.

In addition, the two countries are to resume work on proposals for a 1,800km crude oil pipeline from Iran to the Bay of Iskenderun.

Jordan and Iraq ready to settle exports finance row

By Andrew Gowers, Middle East Editor, in Geneva

A FOUR-MONTH dispute over the financing of Jordanian exports to Iraq may soon end following an agreement in principle between Baghdad and Amman to extend their trade protocol for this year.

After negotiations between senior officials of the Iraqi Foreign Trade Ministry and the Jordanian Ministry of Industry and Trade at the weekend, the Iraqis agreed to honour an extra $100m of import orders from Jordan above the $185m provided for under the 1988 protocol. They are also understood to have pledged to speed up payments on Iraq's estimated $500m debt to Jordan.

The agreement should permit a resumption of Jordanian exports to its chief trading partner. These slowed significantly when Jordan stopped financing them in April after an unrestrained export boom. Bankers in Amman say it will also contribute to a recovery of confidence among Jordanian industrialists, which has already been bolstered by liberalisation measures this month and by the ceasefire in the Gulf war.

The problem arose when Amman noticed that Iraqi traders, taking advantage of a loosening of the state monopoly over foreign trade, had concluded import orders well in excess of the $185m quota agreed between the two governments. When the Central Bank of Jordan responded by suspending export financing under the protocol, Jordanian traders feared they would be left with large unpaid debts on contracts that in some cases they had already bought raw materials to fulfil.

Mr Qabis Abdul Fattah, under-secretary at the Iraqi Trade Ministry, told the Jordan Times that Iraqi letters of credit issued in favour of Jordanian exporters for goods shipped before April 16 would be honoured in full. Mr Hamdi Tabaa, Jordan's Industry and Trade Minister, said the value of excess letters of credit had been estimated at $100m after excluding goods with less than 40 per cent local content or value added.

It is not clear how this full amount is to be funded, but bankers expect Jordan to try to step up its imports from Iraq to compensate for the additional exports.

"This is a very good settlement," said one local banker who was anxious about unpaid debts earlier this year.

Another said it reflected the recent improvement in Iraq's political and economic fortunes, which was also reflected in a sharp rise in the value of the Iraqi dinar earlier this month, as well as Jordan's desire to maintain access to the Iraqi market ahead of an expected reconstruction drive. "The Iraqi financial position is stronger now. After the ceasefire, things changed," said a local financial expert.

In line with this impression, Baghdad has pledged to try to settle its outstanding debts to Jordan within two years. Under its previous timetable – providing for instalments of about $11m a month – Iraq would have taken nearly four years to pay off the debt.

Jordanian industrialists have also been encouraged by Government liberalisation measures announced on August 14.

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UK NEWS

Postal strike 'to leave backlog for several days'

By Michael Smith, Labour Staff

BRITAIN's postal workers were due to start their first national strike for 17 years this morning in protest against the Post Office's imposition of pay supplements for new recruits.

The Post Office said mail services would be severely disrupted and that the backlog of mail would take several days to clear up. It is considering hiring extra casual staff and transport on Thursday.

The Union of Communication Workers (UCW) instructed its 140,000 workers in the letters and parcels divisions to begin their 24-hour strike from about 2.30am this morning. Post offices will open as usual as the dispute does not involve counter workers.

Mr Alan Tuffin, union general secretary, said indications were that the strike will be overwhelmingly supported.

The union will review its next step at Thursday lunchtime after the strike committee has reviewed today's strike and the possibility of making progress in talks with the Post Office.

There seemed little sign last night of a thaw between the two sides. The union said that it would not walk through the Post Office's "open door" for talks until the Post Office removed the conditions on talks.

Mr Bill Cockburn, managing director of Royal Mail Letters, said it was a "daft dispute" which could only benefit the Post Office's competitors. Mr Tuffin said the action was the result of the sheer frustration and anger of people working in the Post Office. "The Post Office has the worst industrial relation record of any employer in Britain," he said.

Mr Tuffin was referring to the large number of wildcat strikes in local post offices which last year led to the loss of 64,000 working days. The Post Office points out that this represents about 0.3 per cent of the total possible but admits it wants to see the record improv-?.

Kevin Brown, Transport Correspondent, adds: Private mail companies forecast a surge in business mail last night, but stressed that they could not provide a full alternative to the Post Office, even if the law allowed them to do so.

Lord Young, the Trade and Industry Secretary, has the power under the 1981 British Telecommunications Act to suspend the Post Office monopoly on letters costing less than £1, but is unlikely to so so.

Ministers are believed to have abandoned plans to suspend the monopoly after a DTI review indicated that rural services could suffer, and the average price of a stamp could quadruple.

Mr Richard Baker, manager of Deltec Citimail, said he expected deliveries in central London to double during the strike. But he added: "There is no way that any company could possibly replace the Post Office."

Mr Chris Atkinson, general manager of TNT Express UK, said: "The telephones have been red hot today. People are just getting fed up with these disputes."

Mr Atkinson said TNT's Supamail service, which currently handles 10,000 consignments a week, could replace the Post Office's Datapost express service, but not the first and second class post.

Observer, Page 14; Lex, Page 16

BACKGROUND

Today's strike was sparked by the Post Office's imposition in May of supplementary payments for new staff in south-east England areas where recruitment is difficult. The Post Office says the payments of between of £7.50 and £20 a week are needed to curb the turnover of staff.

The UCW says the payments breach terms of a productivity agreement signed last Christmas. This excluded new recruits from productivity bonuses, also of between £7.50 and £20 a week, received by existing members.

The union wants either the Post Office to make the payments to recruits throughout the country or to withdrawn them altogether. The union is concerned that the payments could be the forerunner of regional pay differentials.

Electricity body loses fight to own power plant

By Max Wilkinson, Resources Editor

THE NATIONAL transmission company, which will be at the centre of the the privatised electricity industry, has lost its battle to own the generating plant naeded to maintain power supplies during winter evening peaks in demand.

The company's failure to secure this strategically important plant will greatly reduce its chance of becoming a market maker in electric power after privatisation.

The gas turbines, used to meet surges in demand, could potentially give great market power to their owners when a spot market in alectricity starts to develop. This is because the alternative to using them could be widespread blackouts.

At present they are controlled by the operators at the national grid centre which is part of the Central Electricity Generating Board.

When the industry is sold, however, the grid will be run by a separate transmission company owned jointly by 12 private electricity distribution companies. The CEGB's power stations will be dividad between two companies.

Mr David Jefferies, who is to be chairman of the transmission company, has argued that he should be allocated the 11 turbine stations for economic and engineering reasons.

He has told the Government that the grid controllers must be able to switch this plant on at a few minntes' notice at peak times and need to run them more routinely to ensure that voltages oscillate in phase with electric current throughout the country.

Another argument for giving this plant to the transmission company was that as a non profit-making regulated company, it would be unable to exploit periods of electricity shortage by charging excessive prices. Instead, it was argued, the transmission company would use the plant to establish a benchmark price for peak power, against which offerings from private generators could be matched.

This case was vigorously opposed by the CEGB. It said the turbines were an integral part the generating system.

The world's biggest military aircraft, the Antonov 124, preparing to land at Farnborough, west of London, yesterday for the international air show which opens on Sunday. Show officials are reviewing their safety rules after the weekend crash in West Germany in which 47 air show spectators were killed and 345 injured. An official said: "This is such a prestigious and expensive air show that every precaution is taken."

Industrialists appointed to sit on universities funding body

By David Thomas, Education Correspondent

SEVEN industrialists have been appointed to the Universities Funding Council, the new statutory body which will channel public money to the universities.

The move is a further sign of the Government's determination to make higher education pay greater attention to industry's needs.

The appointments will mean that almost half of the new council will consist of industrialists. This is a break from the past practice of filling such bodies almost entirely with academics.

The Universities Funding Council, due to be established later this year and to assume its full powers next April, is the successor to the University Grants Committee, which had only three industrialists among its 18 members.

The funding council is widely expected to have greater control over universities than its predecessor through a new system of contracts with individual institutions.

Mr Kenneth Baker, Education Secretary, yesterday appointed six business people to the funding council: Sir Peter Baxendell, chairman of Hawker Siddeley and a director of Shell, Mrs Rhiannon Chapman, personnel director of the Stock Exchange, Professor Marian Hicks, science director of United Biscuits, Mr Robert Horton, British Petroleum's managing director, Sir Donald McCallum, former general manager of Ferranti in Scotland, and Professor Gareth Roberts, research director of Thorn EMI.

They join Lord Chilver, chairman-designate of English China Clays, who has already been named as part-time funding council chairman, bringing to seven out of 15 the industrial representation on the UFC.

Sir Peter Swinnerton-Dyer, the former vice-chancellor of Cambridge University who is the funding council's first chief executive, welcomed the influx of industrialists as likely to add weight to the council's representations with ministers.

He said it would be difficult for Whitehall to dismiss calls for extra funds from such a body as special pleading.

Separately, the Council for Industry and Higher Education, a pressure group representing 25 large companies concerned to improve links between business and academia, called for universities to be graded according to the quality of their teaching. This would be in addition to the present system of grading according to their research.

The council, chaired by Lord Prior, chairman of the General Electric Company, yesterday called for a review of the quality of teaching in universities on the ground that "industry values excellent teaching above good research."

The council was commenting on an exercise now under way by the grants committee to assess the quality of research in universities.

The outcome is likely to determine at least 15 per cent of universities' incomes from 1990-91.

The grants committee has previously considered that assessment of universities' teaching was best left to the individual institutions.

Police chief urges practical change to extradition rules

By Our Belfast Correspondent

PRACTICAL AMENDMENTS to the extradition arrangements between the Republic of Ireland and Northern Ireland were called for yesterday by Mr Michael McAtamney, Deputy Chief Constable of the Royal Ulster Constabulary.

Mr McAtamney said Saturday's protest by Sinn Fein over the extradition of Maze prison escaper Mr Robert Russell was organised in advance because of the requirement to state in court the time and place of transfer.

He said the disclosure of sucb information committed police manpower. He suggested that the possibility of airlifting prisoners across the border should be investigated.

In an interview with the Belfast Telegraph, Mr McAtamney also rejected suggestions that the recent upsurge in IRA violence had taken place by surprise, pointing ont that Sir John Hermon, the Chief Constable, had given a warning on at least six occasions this year that the Provisionals bad received new shipments of arms and was preparing a major campaign.

Mr McAtamney said recent suggestions that the border should be pysically sealed off were totally impractical althongh he endorsed moves for an end to terrorist suspects' right to remain silent during interview.

Meanwhile, the army in Northern Ireland has ordered an investigation into why military maps for use by the British Army of the Rhine were discovered on a rubbish skip in Londonerry.

Mr Gregory Campbell, a Derry Democratic Unionist councillor, produced some of the maps at a press conference in the city yesterday and said they contained information on the site of British army garrison and other military training areas in West Germany which could have assisted the IRA murder campaign in Europe.

Mr Campbell claimed that within 90 minutes of prodncing some of the maps to the RUC the area was sealed off and all the maps removed.

A spokesman at army headquarters in Lisbourne said the matter was being investigated in consultation with the RUC.

Williams makes agreed £34m bid for Smallbone

By Nikki Tait

WILLIAMS HOLDINGS, the acquisitive industrial conglomerate, yesterday combined news of pre-tax profits just topping £52.7m in the six months to end-June with an agreed £34.5m bid for Smallbone, the maker of bespoke kitchen, bedroom and bathroom furniture.

Williams said the deal would enhance its portfolio of consumer brand names, which now include Crown paints, Polycell and Rawlplug.

Both companies suggest that Williams' greater financial muscle will help Smallbone expand in the US, where it already has three showrooms – two in Manhattan and one in Beverley Hills.

In the year to end-February, Smallbone made pre-tax profits of £2.1m on sales of £28.4m. Net assets at that date were £1.15m, although the company subsequently raised £2.95m through a rights issne of convertible preference shares.

Under the bid, Williams is offering 500p in cash for each ordinary share, and 182p for each convertible preference share. There are loan note alternatives. Shareholders, mainly directors, speaking for 68.5 per cent of the ordinary shares and 59.9 per cent of the fully diluted equity, have given irrevocable undertakings to accept. Shares in Smallbone closed at 487p, up 169p. Williams closed at 272½p, down 10½p.

Williams' profit before tax of £52.73m in the first half is scored on sales of £400.5m. The figures compare with just £18.1m and £152.4m respectively in the same period a year ago, and partly reflect acquisitions.

Lex, Page,16

Canada

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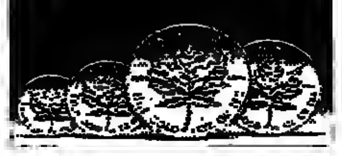

1/10 Ounce 1/4 Ounce 1 Ounce 1/2 Ounce

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Ulster's traditional linen mills enjoy a renaissance

Development grants have underpinned a series of expansion schemes, writes Alice Rawsthorn

FOR the next few months the land around Herdmans at Sion Mills in County Tyrone will be cluttered with the cement mixers, bricks and drills used in the construction of its new linen mill.

A new factory is a welcome sight in any area of manufacturing in the 1980s, but in Northern Ireland, where the economy has borne the blows of economic recession and Irish Republican Army terrorism, it is doubly so.

Northern Ireland's textile industry was until recently dominated by decline. But the new Herdmans mill, which will cost £17m and create 280 new jobs, is only one, albeit the largest, of a series of expansion schemes throughout the industry.

This resurgence, like so much of Northern Ireland's new-found economic stability, may be jeopardised by the new wave of IRA attacks.

Textiles have been a mainstay of the Northern Ireland economy since the early 1800s when linen mills were built to process the flax grown in rural areas.

Linen boomed during the American Civil War, when the Northern blockade of the Southern ports prevented supplies of cotton from leaving for the mills of Lancashire. In that era, clothing factories sprang up to turn the linen into shirts.

The industry then lurched into decline. Linen bore the brunt - its workforce has to 7,000 from 55,000 in 1955 – but other sectors have suffered too.

Today textiles and clothing employ 23,000 people, more than a quarter of Northern Ireland's manufacturing workers.

Textiles are dominated by the huge linen mills, Herdmans and a subsidiary of Hanson, and by carpet manufacturers like Coats Viyella and Lamont. Clothing is the province of Coats, Courtaulds and hundreds of other small companies.

In the past three years the industry has enjoyed something of a renaissance. Output and employment in Northern Ireland textiles have risen rapidly, while the rest of the UK industry has been stubbornly static.

IDB grants to textiles and clothing in N Ireland			
year	grants	projects	jobs created
85/86	£35m	25	1,400
86/87	£21m	27	1,150
87/88	£40m	30	1,750

Source: Industrial Development Board of Northern Ireland

This surge has been catalysed by support from the Industrial Development Board, a Government-funded body formed six years ago. In the past three years the IDB has ploughed £96m – over a third of its budget – into textiles: thereby helping to create 4,300 new jobs.

The development board's assistance varies from company to company. It tends to provide 30 per cent of the cost of new projects or 25 per cent for reinvestment.

These grants have helped small local businesses to diversify. Arthur Johnston, a commission printer in Lurgan, has spent £2m on machinery to expand into upholstery fabrics. Without the grant Johnston, a small family firm, could not have afforded the expansion.

The grants have similarly helped to accelerate the expansion of larger local companies. Mr James Herdman, chairman of Herdmans, says that the development of its new mill would have been much slower without the IDB's support.

Textile giants such as Coats and Courtaulds have also used grants to expand in Northern Ireland. Mr Martin Taylor, chairman of Courtaulds Textiles, says, however, that it would not invest in Northern Ireland unless a project "made sense" without the grant.

Courtaulds regards the grants as "compensation" for the costs and problems associated with manufacturing in Northern Ireland.

The threat of terrorism is the greatest problem. Until recently, there have been very few IRA attacks on industrial targets. But the disruption caused to a business by an attack is devastating.

Four years ago the IRA destroyed a Courtaulds clothing factory in Armagh. The Government paid for a shiny new plant. But when it opened, it found that most customers had found new suppliers and its employees had moved to new jobs.

The other problems in the province are more mundane. Distribution tends to be more costly. Companies sometimes have to airfreight goods, if strikes disrupt supplies.

There is also a shortage of middle management. It is difficult to persuade people to move to Northern Ireland and bright locals often prefer to start their own companies with IDB grants, rather than to work for the giants.

There are also advantages for Northern Ireland manufacturers, however. The long tradition of textiles has left a legacy of skills and an infrastructure of finishing and processing plants.

The overriding advantage is the abundance of labour. Textiles is a labour intensive industry and British firms are increasingly concerned that the falling schoolrolls will hurt the supply of workers. The high level of unemployment in Northern Ireland – now 17 per cent – helps to overcome this problem.

Labour turnover is also lower. A clothing factory in Northern Ireland loses 25 per cent of its employees each year, compared with 40 per cent in Britain.

The IDB is confident that the present level of expansion can be maintained – although Mr Bruce Robinson, IDB director responsible for textiles, has detected a more cautious approach to investment following the recent influx of imports from the Far East.

Mr Robinson, however, is undeterred. One of his pet projects this year is to persuade some of the Far Eastern clothing companies to move closer to their European customers: by building new factories in Northern Ireland.

European airlines 'unlikely to form US-style mergers'

By Lynton McLain

FT CONFERENCE
Commercial Aviation

DIFFERENCES over the prospects for airline mergers in Europe by 1992, along the lines of the US "mega carriers", emerged as a main theme at the Financial Times conference on Commercial Aviation to the end of the Century, which opened in London yesterday.

Dr Günter Eser, director-general of the International Air Transport Association and former member of the Lufthansa executive board, said that the pressures of liberalisation and the approach of the unified European market were causing airlines to "perceive the need to combine at least to some degree to build the muscle to face powerful US, Asian and Pacific carriers."

There were unlikely to be outright mergers in Europe, however, because of national laws governing airline ownership. Instead, some airlines were considering buying an equity interest in carriers of other countries within the legal limits, he said. European airlines were also likely to co-operate with each other in joint marketing and fleet use.

Mr Peter Sutherland, member of the European Commission in charge of competition, said the copycat effect of US mergers on European airlines would be independent of the existence or increase in liberalisation within the Community.

"A trend towards increased concentration may occur regardless of further liberalisation within the Community in the run-up to 1992," he said.

However, Sir Colin Marshall, chief executive of British Airways, disputed the "common feeling", as he called it, that "the big boys will get together to carve up the world."

"My feeling is that it is not going to work out this way; that today's big boys may very well not only not be tomorrow's leaders, but that they may be taking a considerably diminishing role on the world industry stage.

"The theory that those which are presently big will inevitably be the component parts of tomorrow's giants is something which I have to view with considerable suspicion," Sir Colin said.

Dr Eser said that: "In the US, some airlines had "bitten off more than they could chew in seeking to build brand loyalty with frequent flier programmes." Such programmes entitle passengers who have flown a certain distance with any single airline to free or discount travel with the carrier.

Such airlines now had huge backlogs of customers who were entitled to free or cut-rate travel. These customers may displace fare-paying passengers to the detriment of revenue.

On one estimate, US airlines owed more than 3m round trip domestic tickets to participants of frequent flier offers. The revenue loss from US frequent flier programmes could be as much as $940m, he said.

Dr Eser questioned the extent to which the European Community would attempt to negotiate as a single entity with other countries over traffic rights after 1992. This was of particular significance with US negotiations.

Some US airlines carry traffic between European cities, yet European airlines are denied similar rights in the US, an issue which may become important if the EC becomes viewed as a unit.

For EC members, the formation of a single negotiating team would imply the surrender of sovereign bilateral aviation rights.

The creation of a single market will have other effects, internally as well as outside the Community. Air transport between EC countries will be treated as "domestic" and will be subject to value added tax. The abolition of customs control and duty-free goods will end a source of revenue for airlines and airports. This will add to the cost of intra-Community travel at a time when there is strong consumer pressure for cheaper fares".

Leyland truck output doubles under Daf

John Griffiths looks at the improving fortunes of a British truck maker

THE FORMER state-owned Leyland Trucks plant in Lancashire – now part of Daf of Holland – is making trucks at double the rate immediately before last year's takeover.

The new output level of 68 trucks a day achieved this week, up from 59, is lifting the plant's annual production to 16,000 units, compared with 8,000 in the year before the Anglo-Dutch company was formed in May last year. It is the third time that output has been raised since the new company was formed.

Later this year Daf is also to transfer to Leyland the production of 1,000 Daf 1900 heavy trucks a year from its main facility in Eindhoven. This will free more capacity for its premium 95 truck, voted this year's European "Truck of the Year."

Before the takeover the trucks operation had been losing £1.5m a week. The British Government provided the finance for a deal under which Leyland and the Freight Rover van operations were merged with Daf, but Rover Group retained a 40 per cent stake in the new company.

The agreement also meant the closure of two other Leyland plants and threatened more than 700 jobs. However, 300 of those jobs were secured when production moved up faster than expected and the company is taking on a further 100 workers to cope with the latest production increases.

Although Daf BV, the parent company, is not providing separate financial figures for the UK operations, they are understood once again to have contributed significantly to a further sharp increase in Daf profitability.

Daf announced a first half consolidated net profit of Fl 57.8m (£16.7m), compared with a net profit of Fl 63.1m for all of 1987.

The company said the results kept Daf firmly on course for a London Stock Exchange flotation "within the forseeable future." Many analysts expect it to take place next year.

Leyland's performance was made possible by the UK Government injection of £675m into Rover Group early last year, much of it to clear Leyland's debts and to tidy up its balance before it was passed on to Daf.

Nevertheless, Mr Aart van der Padt, Daf's chairman, said at the start of this year that the UK truck and van businesses had been operating profitably from the day of the takeover.

Mr Christopher Thorneycroft-Smith, Leyland Daf's marketing director, said at the weekend that productivity had also increased from eight to 12 vehicles a year per employee.

Progress "has exceeded our plans quite considerably," said Mr Thorneycroft-Smith. "At the end of last year we didn't have a rationalised sales network in the UK. Now we have a strong network of 57 dealers and a further 12 are being recruited specifically to handle light trucks."

Like every other UK-based truck maker, Leyland Daf greatly underestimated the size of this year's UK trucks market. It had been expecting 58,500 units but it now expects the figure to be closer to 68,000 – the largest number since world truck markets practically collapsed in 1980.

In the first seven months of this year, sales of trucks of more than 3.5 tonnes have reached 37,175, up 15.6 per cent, of which market leader Iveco Ford has taken a 24.7 per cent share, with Leyland Daf increasingly hard on its heels, some 22.5 per cent. Meanwhile, some 3,000 Leyland Roadrunner light trucks and Freight Rover vans, rebadged as Dafs, are already being marketed through the Dutch company's outlets on the continent. Sales of both were almost non-existent in the region before the merger.

The overall UK contribution helped Daf's total vehicle deliveries to reach 26,615 in the first half of this year, well up on the 41,553 in all of 1987.

At this rate of growth, the 40 per cent stake in Daf now passed on by Rover to British Aerospace could well prove to be a very good investment, possibly covering much of the £150m cost to BAe of buying Rover Group itself.

The only apparent cloud on the horizon, suggests Mr Thorneycroft-Smith, is over the UK itself and the recent surge in interest rates.

"Things are still looking good at the moment," he says. "But if the current government policy works and consumer spending does take a dive then it's going to slow the truck market up for sure."

However, with market forecasting a touchy subject among truckmakers, he does not care to predict by how much.

Highlights from the chairman's reviews for the year ended 30 June 1988

By K W Maxwell

The Randfontein Estates Gold Mining Company, Witwatersrand, Limited

Western Areas Gold Mining Company Limited

H J Joel Gold Mining Company Limited

Randfontein Estates

Severe labour disruptions took their toll on management's ability to focus on the business of sustaining and improving production performance and under the circumstances the mine did extremely well to mill the total of 7,9 million tons of ore relative to the previous year's 7,1 million tons. However, to achieve this it was necessary to mill some 2,4 million tons from surface dumps (1,2 million tons) and the overall recovered grade for the year averaged 3,17 grams per ton compared with the previous year's 3,72 grams per ton. This meant that the mine produced some 25 051 kilograms of gold compared with 26 388 kilograms the previous year.

	1987/88	1986/87
Tons treated ... tons	7 911 000	7 054 000
Gold produced ... kg	25 051	26 388
Recovered grade ... g/t	3,17	3,73
Revenue ... R million	772,8	765,4
Working costs ... R million	505,0	397,7
Tax ... R million	21,9	94,6
Profit after tax ... R million	260,5	336,7
Capital expenditure ... R million	189,4	235,5
Earnings per share after tax ... cents	4 359	5 508
Dividends per share ... cents	1 150	1 750

Operations

The level of underground production for the month of June 1988 showed a 24% increase over the production levels in November/December 1987. Some 70% of this came from trackless mechanised mining methods. During the same period the productivity of underground employees increased by more than 14%.

The grade from underground continued to decline over the course of the year. The average grade for the year was 4,57 grams per ton compared with 4,36 during the 1987 financial year and 5,05 grams per ton in the 1986 year. The decline in grade however is in part due to the mining of a greater proportion of wider reefs which the mine is able to do by using trackless mechanised methods.

Working costs

The cost per ton milled increased by 14% to R63,84 but because of the lower grade the cost per kilogram produced increased by 34% to R20 159.

Shaft sinking

Plans are under way to design and develop a shaft system known as Doornkop 2 that will enable the mine to exploit the South Reef which lies some 1 000 metres below the Kimberley Reef that is currently being mined through Doornkop 1 shaft. It is envisaged that the new shaft system could be commissioned towards the end of this century so as to enable overall production from Randfontein to be maintained at 650 000 tons per month as the production from the Cooke shaft systems starts to decline.

Safety

It is very pleasing to report that during the year Randfontein won the C S McLean Shield for safety in the gold division of the mining industry. This is the premier award for achieving the lowest casualty rate over the past three years. The mine also achieved its thirteenth million fatality free shifts. There is no doubt that the introduction of trackless mechanised mining methods and participative management has resulted in much improved safety conditions and it is anticipated that with the introduction this year of special roof-bolting machines the quality of support will further reduce the falls of ground.

New developments

To enable Randfontein shareholders to focus specifically on their valuable and extensive gold exploration interests, a separate quoted company was established, Barnato Exploration Limited, known as Barnex, that will provide interest free loans to Randfontein to enable the company to finance its exploration activities which are undertaken jointly with JCI and others. Expenditure under this heading rose dramatically to R32 million last year and has become a significant deployment of your company's cash resources. The new arrangement will entitle Barnex (whose shareholders are initially the shareholders of Randfontein) to 30% of any benefits that flow to Randfontein from its exploration activities. It is proposed that Barnex will raise R75 million in order to meet its loan commitments to Randfontein in terms of this new arrangement.

The feasibility of resuming gold mining operations in the remaining reserves of the old Randfontein Section has been examined from time to time during this decade. Some of these reserves have been tributed to an outside party that is carrying out mining operations at present. The operation of Cooke has led to realise the value of the assets in the area for the benefit of Randfontein shareholders, led management to the conclusion that the area should be floated off separately under the name of Lindum Reefs Gold Mining Company Limited and that the operation should be turned to account by a small independently managed and self-sufficient mining operation. It is envisaged that the mine should produce approximately 30 000 tons of ore per month and that a dedicated carbon-in-pulp metallurgical plant should be established. The average recovery grade for the first nine years is estimated to be 3,9 grams per ton and for the following eight years 3,6 grams per ton.

It is estimated that at current gold prices this operation could generate a positive cash flow during the second year of production and a reasonable level of profitability should be sustained thereafter.

During the year Randfontein entered into an agreement with Venterspost Gold Mining Company in terms of which Randfontein will cede certain portions of its off-lease mineral rights west of the Cooke Section so as to enable Venterspost to extend its mining operations. Randfontein will be contributing 26,6% of the mineral rights associated with this extension in return for which it will be issued with deferred shares in Venterspost.

Outlook

The prospects for Randfontein's future are very much improved now that stability and high morale has been restored in the labour situation and in view of the improved productivity that is coming from trackless mechanised mining methods. It is hoped that during the 1989 financial year overall grade recovery will advance to approximately 3,5 grams per ton and that total underground tonnage will increase to 630 000 tons per month before the end of that year. The increased production from underground will come largely from the Doornkop section.

Capital expenditure for the current financial year is currently expected to be of the order of R150 million.

Industrial relations

During August last year management decided to arrest the deteriorating industrial relations situation by radically altering its management style. A programme of participative management that enables all employees to make their own contribution to the enhancement of the mines' operations and to receive recognition therefor, was initiated. It is envisaged that this programme will require a good two years to implement fully but I am happy to report that already it has made a major impact on the morale and enthusiasm of employees of all races and work categories.

In terms of this approach, senior management, middle management and supervisors are encouraged to consult with employees right from the lowest levels upwards in order to establish what problems they are experiencing and what ideas they have for "doing the job better". The obvious goal of this system of management is to encourage all employees throughout the organisation to work harmoniously together, to recognise the dignity and pride of each individual and to develop trust and respect of all, irrespective of status.

Indaba groups are established at each work place and within the hostels to encourage this joint communication exercise and it is incumbent on each supervisor or line manager to see that the problems and ideas raised are dealt with effectively and at the earliest possible opportunity. Monetary rewards are made for particularly good ideas and additional payments have been and will be made to all employees across the mines in recognition of the improved results. The overriding principle is that employees should not only enjoy the enhanced part of participating in management decisions, but that they should also participate in the benefits realised and it is the policy of management to share with the employees the enhanced fortunes of the companies.

Thus far there has been a very positive response from employees at all levels and morale on the mines has certainly improved enormously as employees of all races move towards the realisation of their productive potential.

Western Areas

Western Areas sustained a loss of some R3,4 million for the year under review compared with last year's profit of R51,2 million. The tonnage milled from underground declined by 4,0% to 3,51 million tons.

The unit costs per ton increased by 11,6% to R109,34 per ton milled while the cost per kilogram increased by 25,9% to R32 383 owing to the lower recovery grade achieved.

Strict control was applied to the rate of capital expenditure and as a result the amount spent during the year under review was R36,1 million (R58,1 million) which compares with the forecast of R57 million.

Capital expenditure for the current year is presently budgeted to be R38 million.

	1987/88	1986/87
Tons treated ... tons	3 609 000	3 219 000
Gold produced ... kg	12 186	14 547
Recovered grade ... g/t	3,38	3,81
Revenue ... R million	372,4	400,6
Working costs ... R million	394,2	374,1
Tax ... R million	—	2,4
Profit (loss) after tax ... R million	(3,4)	49,4
Capital expenditure ... R million	36,1	58,1
Earnings (loss) per share after tax cents	(3,4)	128,4
Dividends per share ... cents	—	16

Operations

Two fires occurred during October and December in the mill sub-station in the north plant and resulted in a loss of some 13 days of production at the plant. This adversely affected production from underground in the north section as ore passes could not be cleared. In addition there were several plant stoppages during the year due to mechanical and electrical failures.

The decline in grade was partly attributable to lower stoping grades generally and also in the mining of multiple reefs using the trackless mechanised mining method. Ore from the Middle Elsburgs has been mined for many years from an extensive tract of ground which was reasonably stable both in terms of grade and structure. This ground has now been largely worked out and the current Middle Elsburg exploitation is taking place in areas that are typified by narrow ore shoots.

The mechanised mining process continued to provide the bulk of the ore mined and increased marginally to some 72% of the total tons mined from stopes.

The recovery grade of uranium fell by some 16% during the year. Efforts were introduced during the year to improve the head grades for uranium by developing into higher-grade areas and this is meeting with some success.

Dewatering

During the year the daily underground pumping rate decreased from 120 megalitres per day to 90 megalitres per day. It had been anticipated that this rate of dewatering would have decreased further but in January/February the heavy rains gave rise to considerable quantities of water entering the Gemsbokfontein compartment through sinkholes.

Trackless mining operations have now commenced in the western dewatered zones on a limited scale and will be increased gradually over the next year.

Safety

The mine experienced a mixed safety record during the year. Accidents due to falls of ground were reduced by 43% and truck and tramway accidents fell by 28%. However the fatality rate worsened by 47% and the mine recently lost two of its five stars in terms of the new Chamber of Mines Mine Safety Management System.

The Annual General Meetings of the Gold Mining Companies of the Group will be held in Johannesburg on Tuesday 27 September 1988.

09h00 H J Joel

09h30 Western Areas followed by Elsburg

10h00 Randfontein Estates

Share transfer books and registers of members will be closed from 17 to 27 September 1988.

The safety benefits flowing from the introduction of trackless mining methods continue to manifest themselves. North Division Trackless Mining operations remained fatality free as has the project on 70 Level at South Division. It is anticipated that with the introduction this year of roof-bolting machines, the enhanced quality of support will further reduce falls of ground, especially in the wide orebody excavations.

South Deep Project

Shareholders were informed last year of the plan to develop twin haulages from the subvertical shaft in the southern section of Western Areas towards the so-called South Deep Project area that lies to the south of the lease boundary.

The company, together with members of the syndicate that holds rights in the project area, has decided to float off a separate company, for which a listing will be sought, to provide the necessary financing. Shares in this company which are received by Western Areas will be passed on to shareholders, who will then be given an opportunity to provide further funding that will be required in the future.

The new arrangement will also have the effect of reducing the capital expenditure burden on the Western Areas operation itself. Details of this new scheme will be made available to shareholders in the near future.

Creation of preference shares

Special resolutions will be put to the annual general meeting of shareholders in order to enable your Company to increase the authorised capital from R41 million to R48 million by the creation of 100 million preference shares of 1 cent each. The new shares will broaden the range of financing facilities available to the company.

Outlook

During the last quarter of the year under review there was a notable improvement in the mine's results. A profit before tax for that quarter of R11 million was achieved. New mining areas have been identified and are now being brought into production. Additional target mining areas have been identified and feasibility studies are in hand. A lot of attention has also been given to improved maintenance of the metallurgical plants and I believe that all of these actions, together with the benefits being realised from the participative management programme, will ensure a much improved situation for the year ahead.

Joel

Good progress has been achieved during the 1988 financial year on the construction and overall development of the H J Joel mine. The No. 3 and No. 4 shafts were commissioned at the end of July this year in accordance with the programme. The first phase of the metallurgical plant has been commissioned and trial milling has proved to be very satisfactory. Some 38 kilograms of gold were produced and the revenue from the sale of this gold, which amounted to R1,05 million, was credited to the capital expenditure account. The overall infrastructure for the mine has developed according to plan. The geological structure of the ore body in the southern area of the mine (which is the upper portion) has been the one factor that has adversely affected progress. The structure as it has been exposed to date from the Nos. 3 and 4 shafts is more complex than was originally projected from the exploration drilling programme. The average grade of gold sampled over the 1 246 metres of reef development for the year has been 21,6 grams per ton, and the width of the reef has averaged 39 centimetres, thereby giving an overall 686 centimetre-grams per ton.

The parameters incorporated in the original feasibility study that formed the basis for deciding to proceed with the H J Joel mine, were based on conventional mining methods. Subsequently a more optimistic feasibility study was motivated using parameters applicable to the mining of Joel entirely by trackless mechanised mining methods. This latter study showed substantial benefits relative to the original feasibility study – primarily because of the much reduced need for waste development in favour of reef development – and planning on this basis was consequently adopted. Shareholders will be aware of the fact that due to the faulting and narrow reef widths exposed thus far in the upper portions of the mine; the date for the commencement of gold production following the trial milling phase has had to be postponed from February 1988 to September this year.

It should be noted, however, that progress made to date is still in line with the estimates of the original feasibility study.

Anticipated recovery grade

The recovery grade from the orebody as a whole was originally estimated at 5,4 grams per ton for the life of the mine. However, it was expected that grades in the upper portion of the mine would be substantially higher than the average for the mine. This has not yet materialised. The recovery grade for the upper portions of the mine is now estimated at 5,6 grams per ton. The geologists are satisfied that conditions will improve as mining progresses down dip. In the light of the development results to date they are confident that in view of the high grades that are being recorded in the narrow reef channels, the mechanisms of gold concentration will prevail and that, as the reef widens out, satisfactory grades will be realised.

It has been decided to drill a further six boreholes from surface and the results of these boreholes should become available by the end of the first calendar quarter in 1989. Furthermore, development of twin haulages in the east and west of the shaft system has commenced in order to gain knowledge of the geological structure and value distribution across the full strike of the orebody by means of underground boreholes.

Capital expenditure

During the year under review capital expenditure amounted to R178 million (R214 million) compared with the planned expenditure of R212 million. For the current year capital expenditure is forecast to be R108 million. Accordingly it has been decided to postpone Phase 2 (which is designed to increase the rate of production from 80 000 tons per month to 120 000 tons per month) until such time as the cash flow from operations can support such further capital expenditure.

Operations

The current production plan indicates the mine should mill some 360 000 tons of ore during the 1989 financial year and that this will increase to some 740 000 tons during the following financial year. The safety record of the mine has thus far proved satisfactory despite the intersection of considerable quantities of methane and the potential hazard of intersecting water.

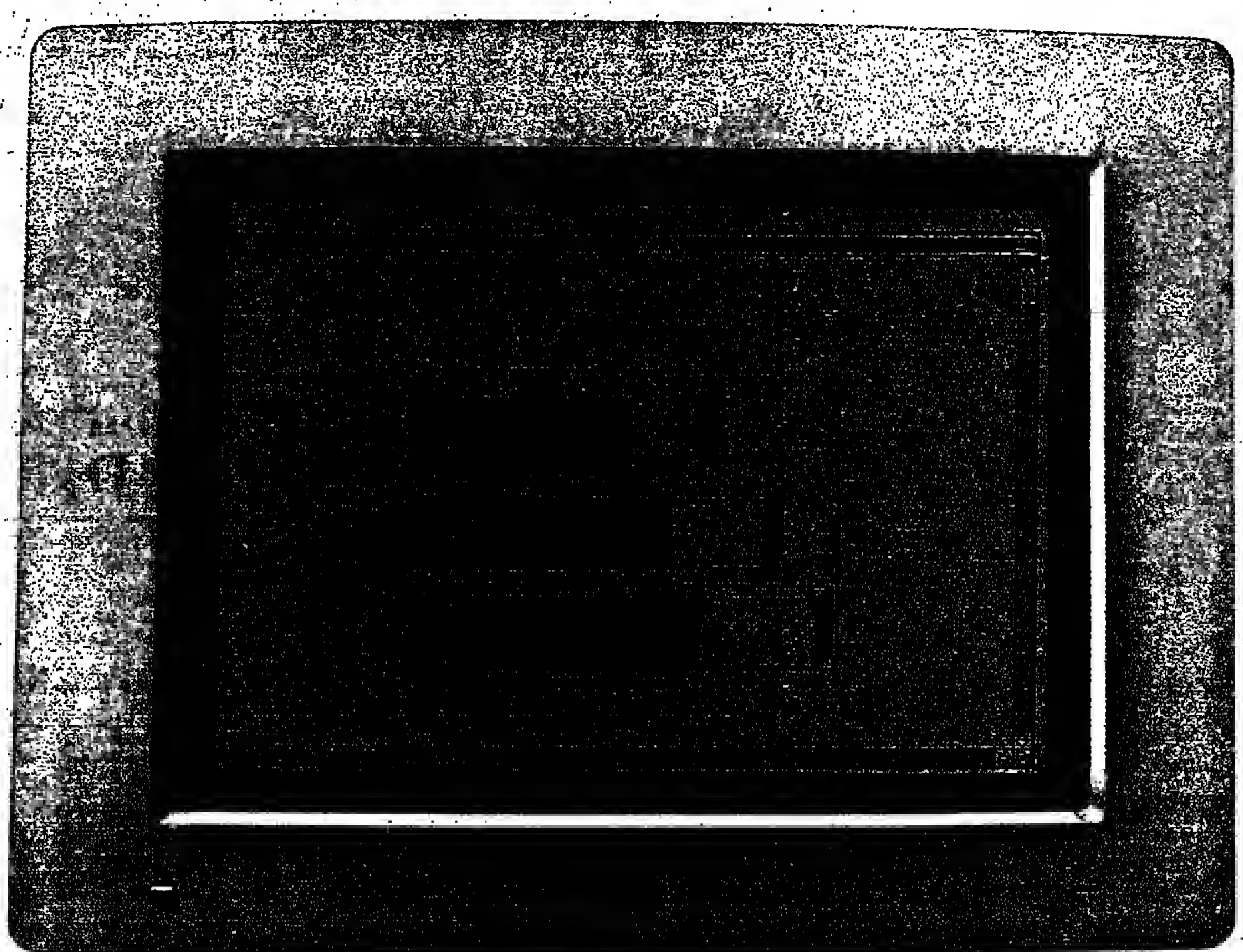
Outlook

Progress is still within the original feasibility study parameters and our technical consultants are confident that the anticipated average grade for the mine will be achieved. It is noteworthy that to date only some 1% of the orebody has been exposed and while grades in the upper portion of the mine have not reflected original expectations, there is considerable evidence that mining conditions will improve as development progresses further down dip. The trackless mechanised mining approach enables the mine to follow the reef more easily than it would have been able to do by conventional mining methods and this will help to produce more reef tons in these early stages of the mine's life.

Johannesburg
26 August 1988

Conclusive proof that Apples are good for you.

The well-respected Gartner Group recently published a report on the role of the Apple™ Macintosh™ in business.



It demonstrated many of the reasons for our increasing share of the pie.

For example, an Apple Macintosh was shown to cost 28% less to run than an IBM® PC over five years. That worked out as a saving of almost £3,027 per user.

The Gartner Group's report also demonstrated that even in a mixed IBM/Macintosh environment, computing costs could be dramatically reduced.

They estimated that a company with 600 personal computer users (half IBM and half Apple Macintosh) will have a fully burdened, five-year life cycle cost per user that is 13% less than that of an all-IBM environment.

This worked out at a saving of £810,000 over five years.

Standardising on Macintosh would cost 28% less, saving £1.8 million over five years.

KPMG Peat Marwick carried out a survey which highlighted some of our other strengths.

They found that people using Macintosh were actually up to 24% more productive than their IBM counterparts.

The main reason for this is Macintosh's system of easily understood words and symbols such as files, folders and menus which, with the help of a mouse, speeds and simplifies operating.

So no matter what software is being used, there's a consistent vocabulary and methodology to work with. All of which makes it easy to switch from one program to another.

A fact which was demonstrated in another recent in-depth study. This proved that training costs on Apple Macintosh are 60% lower than those of IBM or other MS-DOS™ computers.

Furthermore, they found that only half the time is needed in support. For full details dial 100 and ask for Freefone Apple.

We rest our case on health and wealth in business.

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UK NEWS — TOXIC WASTE

Karin B highlights lack of controls

By Richard Donkin

THE VOYAGE of the Karin B and its deadly cargo of waste chemicals has brought into focus the fragmented nature of toxic waste management controls in Britain and the lack of effective penalties for abuse.

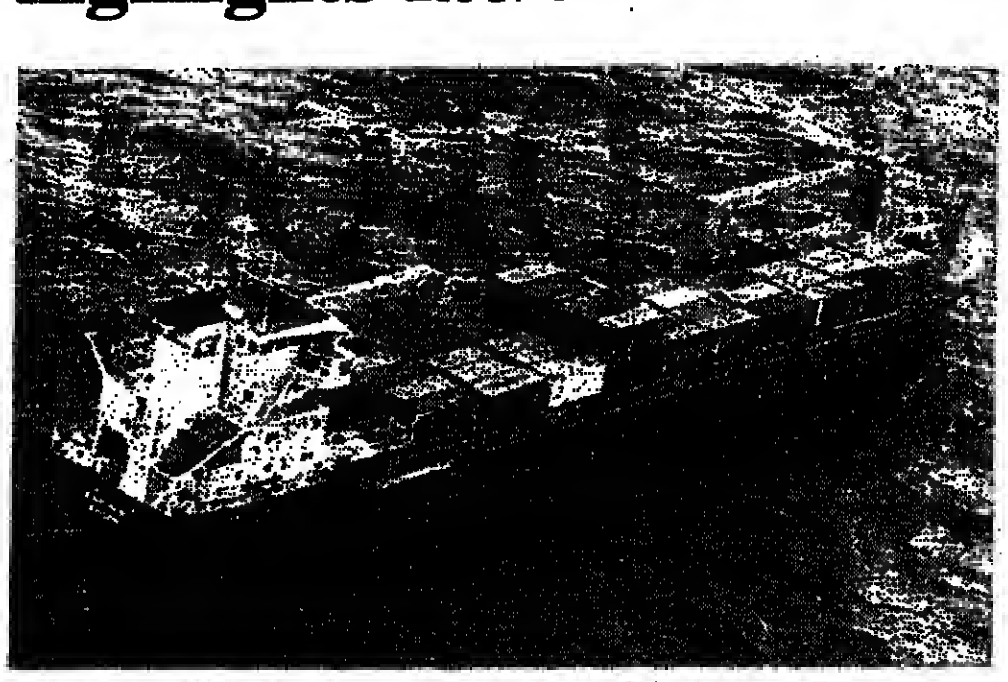
The unspecified shipment, which analysis has shown contains polychlorinated biphenyls (PCBs), can only be safely dealt with through incineration at high temperatures. Four British sites are equipped with incineration plant sophisticated enough to deal with it but even this employs low technology compared with that available elsewhere in Europe and the US.

Waste Management, the largest US waste disposal company, has what the industry recognises as the state of the art fully automated plant in Rotterdam but this is not yet available in this country.

Mr Geoff Mills, manager of the environmental services division of Mott Hay and Anderson, engineering and environmental consultants, said the industry was looking for government guidance on future legislation to decide whether it should embark on the investment of between £20m and £30m in up-to-date plant.

"If standards remain the same, companies who undertake such investment could be bankrupted by those who can offer a cheaper service. They need to know that the regulations and enforcement will be strengthened to merit the investment," he said.

The Government has faced criticism from within its own Hazardous Wastes Inspectorate for failing to bring itself into line with the rest of the European Community on regulations. Mr David Mills, who heads the inspectorate, has just resigned to go into the private sector. "He was sick and tired of banging his head against a brick wall," a scientist in the industry said last week.



West German vessel Karin B with its toxic cargo off Plymouth yesterday

The intervention by Mrs Virginia Bottomley, the Junior Environment Minister, to bar the delivery yesterday of the toxic wastes carried by the Karin B has masked the fact that it was only the action of port health inspectors worried about the effects of offloading the cargo that prevented its entry into the country.

Had the cargo arrived it could have gone to four possible sites. Leigh Interests, the West Midlands waste management company, which has an incinerator at Killarmarsh had expressed an interest. The others are those of Re-Chem at Southampton and Pontypool and Clearaway which has an incinerator at Ellesmere Port.

If analysis had found that the waste was suitable for solidifying it could have gone to the Cory Waste Management plant at Thurrock or another Leigh Interests plant. Both are equipped to mix the waste with a stabilising concrete solution although that is unlikely to have been used with the Karin B shipment.

There are 550 landfill sites in Britain licenced to take some form of hazardous waste under the special regulations of the Control of Pollution Act 1974, and 83 per cent of toxic waste is still deposited in landfill sites.

The benchmark of toxicity is that the substance must be sufficient to kill or injure a child weighing 20kg if he was to swallow 5cc of the material, or "equivalent to three fruit pastilles," according to Mr Jeff Cooper, waste reduction officer at the London Regional Waste Authority.

Mr Cooper said the movement of toxic waste in Britain was controlled by the consignment note system which involved the use of six copies of the delivery note kept by the producer, the carrier, the waste disposal company and the waste disposal authorities in the area of origin and delivery.

Not every consignment is inspected, however, and it is a standing joke in the industry that the biggest toxic waste dump is the M1 motorway. "It only needs someone to leave the cap off the tank for a steady stream to spill out along the route, leaving less to pay for at the end," said one industry source yesterday.

The Karin B cargo was big business for the incinerator companies which could have charged between £1,000 and £2,000 a ton for dealing with the waste, valuing the cargo at between £2m and £4m.

While the British plant can take the highest level toxins it can still not guarantee to maintain the crucial burn temperature of between 1,050 and 1,200 degrees centigrade to prevent the emission of dioxins into the atmosphere. A barrel of liquid toxin can act like wet leaves on a garden bonfire, effectively damping down the flames. The latest equipment developed by the Swiss takes exhaust gases through a secondary heating process to make sure they had the full heat treatment.

The lack of inspectors — the Hazardous Waste Inspectorate has a team of five — means that it is impossible to police every site. The discovery of heavy metals in water outflows into the North Sea show that toxic waste still finds its way on to many of the 5,500 waste disposal sites for conventional waste in the country.

Mr Mills said: "In Canada they have waste treatment plant that has been so successful that it has led to a reversal of the not-in-my-back-yard policy, and there is no reason why we should not have that here.

The annual report of the Hazardous Waste Inspectorate for 1986-87 drew attention to the steep rise in imports of chemical waste to Britain and the difficulty of keeping track of it. In that year 53,000 tonnes of hazardous waste was imported, more than double the 25,000 tonnes in the previous year. The Institution of Water and Environmental Management, which represents professionals in the public and private sector, believes the figure was an underestimate

Commercial waste sites

Port refuses to handle used Dutch N-fuel

By David Fishlock, Science Editor

THE PORT authority at Lowestoft, Suffolk, has refused to handle spent nuclear fuel from the Netherlands, destined for the nuclear reprocessing factory of British Nuclear Fuels at Sellafield, Cumbria.

The decision follows objections by dockers. The authority, however, cites operational difficulties and not safety as the reason it will not handle more of the 30-tonne spent fuel flasks.

Only one flask has been handled by the port, but Goole Harbour on Humberside had previously refused to handle the Dutch fuel.

BNFL said it was disappointed by the decision of the two North Sea ports, bo+ imports of spent fuel from the Netherlands amount to only 2 or 3 per cent of the total it was importing for reprocessing.

Nearly all of it arrives at Barrow in Cumbria, close to the factory.

The Dutch fuel comes from the small Dodewaard reactor, arriving in shipments of about a tonne, in an armoured steel flask weighing 30 tonnes. The flasks are expected to arrive at the rate of about 10 a year, the company said.

BNFL has previously used ports on the south and east coasts of England to handle spent fuel from its European customers, which include Belgian, German, Swiss and Italian electricity companies.

Italy shows reluctance to act

By Joel Kibazo

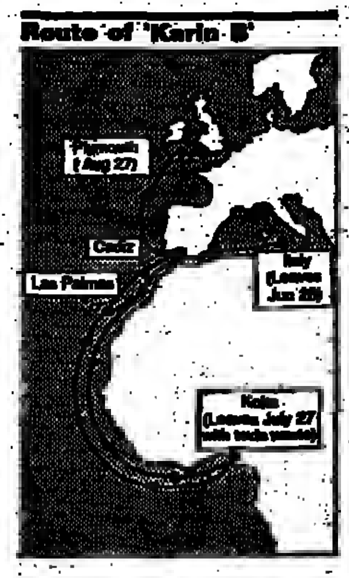
WHEN THE row about Italian companies sending toxic waste abroad broke out last May, the only thing the Italian Government would agree upon was that the contaminated material would have to be removed from Koko beach in Nigeria.

However, none of the three Italian ministries involved was willing to take responsibility for arranging that. Only when the Nigerian Government threatened to break off diplomatic relations with Italy did the Government decide to act.

It hired two German ships, the Karin B, now off the British coast, and the Deepsea Carrier. No decision, however, was made as to the final destination of the waste.

The Karin B left Italy on June 28 and headed for the Nigerian port of Onne, where it arrived on July 14. Shortly after that, it moved on to Koko beach.

The ship left Koko port with an undisclosed amount of the toxic waste on board on July 27, heading northwards, and docked at Las Palmas, in the Canary Islands, on July 30.



She did not leave Las Palmas until August 11 and then headed for the Spanish port of Cadiz where she docked on August 14.

Spanish authorities are said to have been unhappy with a ship carrying toxic waste in their port and asked the Karin B to move on.

Italian authorities were in the process of making arrangements for the ship to dock at the Italian port of Ravenna when the local populace mounted a protest.

There have been reports that the West German Government also refused to receive the Karin B, but German authorities have denied being approached by the Italian Government.

Although the ships carrying the waste are registered in West Germany, the German Government is treating it as an Italian issue and refusing to make any official comment.

The Deepsea Carrier is now reported to have left Nigeria with more of the toxic waste and is said to be sailing for Europe.

Import of contaminated cargo 'illegal'

Financial Times Reporter

TOXIC WASTES from the vessel Karin B cannot legally be imported into Britain, Mrs Virginia Bottomley, junior Environment Minister, said yesterday.

After talks with departmental officials, she said the matter was "essentially an Italian problem." She discussed the issue last night with Mr Boris Biancheri, Italian Ambassador.

She said she had reviewed the situation of the West German-registered ship Karin B, carrying unspecified but apparently dangerous waste material dumped illegally in Nigeria by an Italian company.

"The United Kingdom has rigorous laws governing importation of dangerous wastes: under our law, dangerous waste can be imported only if the exact composition of the waste has been established."

The Minister added: "This is not the case in this situation, so it cannot be legally imported into the United Kingdom ... an Italian company has approached British firms to assist in the disposal of this waste. No UK company has agreed to deal with the waste."

Earlier, Mr Boris Biancheri, the Italian ambassador, had denied that Italy was trying to dump waste from the Karin B off the British coast because Britain did not have laws to deal with it. He claimed that some of the waste on board the vessel originated from European sources other than Italy.

Trade-offs in poison and poverty

Africa is ambivalent about dumping, reports Our Foreign Staff

THINKING ABOUT making money? Hazardous/toxic waste a billion-dollar-a-year business. Think about this! No experience necessary. No equipment needed. No educational requirements.

That recent advertisement in the International Herald Tribune highlights the growing international nature of the toxic waste trade.

It makes clear that you do not need intelligence, knowledge or skill to become a toxic waste merchant. What you may need, however, is ruthlessness and greed — because it is a trade that rakes in huge profits from the exploitation of cheap dumping sites in the Third World.

The dumping of untreated toxic waste is extremely dangerous. Recently, three Nigerian dockers were rushed to hospital after coming into contact with secretly dumped waste at Koko in Bendel State. Waste also pollutes the atmosphere and can be lethal if it gets into the food and water chain.

Even so, there is evidence that some Third World states, desperate for hard currency, have been tempted into colluding in massive dumping operations.

For the waste traders, the profits are vast. The cost of dumping in Africa can be as little as one thousandth of that in the more ecologically conscious West, where the increasing power of environmental groups and the growth of "green" consciousness has meant that the waste can no longer be disposed of locally without being specially treated at great cost.

For the governments that agree to accept waste there is the promise of some respite from deprivation, dependence and debt.

The recent discovery of secret toxic waste dumps in Nigeria, Sierra Leone and Guinea and the disclosure of contracts involving the export of more than 20m tonnes of toxic waste to Africa confirmed that the world's poorest continent had become the new centre for the waste-trafficking business.

Africa itself has reacted angrily to being used as a waste dump. The Organisation of African States moved to try to quash the trade at its last summit, while the Non-Aligned Movement condemned the practice as "a most callous one in that it takes advantage of poor economic conditions in African states."

In spite of the rhetoric, some African states seem to be displaying a distinctly ambivalent attitude.

In Benin the government negotiated a bilateral deal with the French government to import radioactive and industrial waste in return for a $1.6m (£950m) downpayment and 30 years' economic assistance.

In Guinea-Bissau the local authorities agreed to store 15m tonnes of toxic waste over five years for $600m — three times the country's total gross national product.

Mr Jim Vallette, Greenpeace's international campaigner on the waste trade, believes impoverished and debt-ridden African states may find it hard to resist the enormous sums of hard currency offered in return for mortgaging their environmental future.

He says: "As regulations tighten in the West, Africa becomes ripe for exploitation by greedy waste traders and irresponsible Western governments. The amount of money involved in the trade is very seductive to poor countries."

The Organisation for Economic Co-operation and Development estimates that in 1987 waste disposal was a £13bn-a-year business dealing with 300m tonnes of toxic waste.

It defines hazardous wastes as "wastes which, if improperly managed, could harm man and/or the environment because they are toxic, corrosive, explosive and combustible."

By that definition, wastes can be anything from contaminated oils, acids and solvents produced by chemical and pharmaceutical companies to the by-products of the fertiliser industry.

Dumping in Africa can cost as little as one thousandth of the price charged in the West

Many countries have traditionally relied on exporting their wastes because legal disposal in a foreign country may be less expensive than at home or because there is no local disposal capacity.

Italy, for example, currently under the international spotlight because large quantities of its waste have been discovered dumped in Nigeria and Lebanon, has a domestic capacity to deal with only 15 per cent of its waste.

Much of the trade in waste destined for cheap dumping sites in the Third World, mostly in Africa, is conducted clandestinely. Toxic commodity brokers operate in the shadows from box numbers in Gibraltar, the Isle of Man and Liechtenstein.

They buy and sell the waste like any other commodity. However, as the original producer has no binding responsibility for its final destination, it is traded as a liability rather than as an asset.

As it passes through different hands the price of the consignment is forced down.

Eventually the waste is bought by a broker who has negotiated a site in Africa, often with willing government officials or enthusiastic local people.

Often the consignment will be a hotch-potch of various wastes brokered from several different companies. With such a load, the broker can exploit the cost of cheap bulk transport to ship the cargo to its final destination.

The destinations of the ships are often obscured and the cargo misrepresented as building materials or fertiliser.

Mr Michael Yokowitz of the OECD describes the trade as "let's all get rich quick."

He says: "It's easy, anyone could do it. You register a private company and buy the waste with no questions asked. Then you find a dump site, rent a ship, hire a crew and you can retire early.

"These brokers are not so much cowboys as gentlemen cowboys who see the opportunity of making a fast buck. They are quite at home dealing with bureaucrats in government offices in Africa and are willing to make certain payments."

Large profits can be made. In Europe, waste disposal can cost as much as $3,000 a tonne; in Africa as little as $2.50.

Greenpeace claims the discovery of toxic waste dumps in Africa over the last two months is merely the "tip of the toxic iceberg." It says illicit dumping in the Third World has been going on for years undetected.

However, there has been a noticeable upsurge in the trade this year. According to one official of the US Environmental Protection Agency (EPA), there have been more proposals to ship hazardous waste from America to Africa in the last few months than in the last four years.

For the first time, an international inventory of toxic trading has been compiled, listing 115 active contracts. Among them are multi-million-dollar deals negotiated between private waste peddlers and African governments including Guinea-Bissau, Congo, Equatorial Guinea, Gabon, Benin and Niger.

In the glare of international publicity, many of those governments have either said they are reconsidering the deals or have denied their existence. The toxic commodity traders themselves are said to be lying low, waiting for the controversy to blow over.

Even so, international environmental agencies are continually surprised at the way man-made mountains of waste can suddenly appear as if from nowhere.

The most recent of these was the 625 bags of waste discovered dumped near Freetown in Sierra Leone this month. The most disturbing was the discovery of a toxic dump site in Nigeria — part of the waste from which is now on the Karin B.

The 3,800 tonnes of highly poisonous wastes, including potentially lethal polychlorinated biphenyls (PCBs), were discovered stacked in drums on an open site in Koko.

No attempt had been made to treat the waste and no warning had been given to local villagers about its toxicity.

The shipment had been imported from Italy into Nigeria by entrepreneurs using forged cargo papers and import permits. Koko port officials were said to have been bribed to turn a blind eye.

The Nigerian Government named several European companies suspected of producing the waste, including the West German chemical giant, Hoechst.

Hoechst denies that. "It's completely impossible for drums of waste produced by Hoechst to be sent to Africa. The only possibility is that someone has used some of our drums without our permission."

At present, international law bans the dumping of toxic waste at sea but not its export to other countries.

The European Commission has drawn up two directives that would compel exporters of dangerous waste to get the prior consent of the importing state and ensure that they possessed "adequate technical capacity for the disposal of the waste under conditions presenting no danger to human health or the environment."

However, only two European Community countries, Belgium and Denmark, have made the directives law. Environmental groups argue that Africa lacks the facility to store large quantities of toxic waste safely. In Nigeria, dockers complained of the lack of the most basic equipment, such as protective masks and boots, needed to handle hazardous waste.

The commission is considering new steps, including closing the loopholes in the existing regulations and taking infractions proceedings against seven member states for failure to implement community law.

A similar attempt to regulate the trade is being made by the United Nations which, under the aegis of its environmental programme, is drawing up a global convention that should be ready for signing next March.

Opposition to further regulation is expected from some European states that view the waste trade as no different from any other.

Such a view, according to Friends of the Earth campaigner Mr Andrew Lees, risks "sacrificing the Third World on a toxic altar to free trade."

Environmental groups argue that to regulate the trade is to legitimise it and make it more respectable. Instead, the West should be considering a complete ban on the trans-frontier movements of toxic waste and the development of alternative technology to reduce the amount of waste produced.

The US is working towards that position. For several years the EPA has given incentives to industry to reduce the poisons it produces. This month a bill was introduced into Congress to ban all exports of dangerous waste.

American political interest in banning toxic waste exports is growing because many see the trade as a toxic time bomb that could explode into a foreign policy disaster. They are sensitive to African public opinion which resents the trade as a new form of imperialism and aware of the diplomatic consequences that might result from an environmental crisis.

The strained relations between Nigeria and Italy since the dump was discovered at Koko has reinforced that view.

In a recent debate on the US bill, Senator Bob Kasten said: "You can't build a house on a heap of sand and you can't build an ally on a heap of toxic trash."

However, European governments are lagging behind the US. According to Mr Yokowitz they are considering whether the costs of toxic dumping outweigh the benefits. They're thinking: is the game worth the candle? As publicity and moral outrage grows and as their nationals are threatened with imprisonment and execution, eventually they will be left with no choice.

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ANNOUNCEMENTS
CONSOLIDATED-BATHURST INC.
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Mr. Peter J. Saunders
W.I.M. Turner, Jr., Chairman and Chief Executive Officer of Consolidated-Bathurst Inc., has announced the election, at the Company's 56th Annual Meeting, of Mr. Peter J. Saunders to the Company's Board of Directors. Mr. Saunders is Group Finance Director of Associated Newspapers Holdings p.l.c. Consolidated-Bathurst is a major pulp and paper and packaging organization, headquartered in Canada, and parent Company of the Bridgewater Paper Company Limited, the largest newsprint producer in the U.K.

Field Fisher & Martineau announce the appointment of five new partners as follows: Richard Buxton (Property), Nick Rose (Litigation), Graeme Nuttall (Tax), Mark Abell (International and Finance), Craig Baylis (Licensing). This brings the present number of partners to 25.

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Japanese executives

A new generation begins to make its mark

By Carla Rapoport, in Tokyo

The more senior a Japanese executive is, the more likely he will begin the conversation, regardless of topic, with a monologue thet begins: "After the war, Japan was a very poor country . . ." There is nothing to be done about this phenomenon; it is simply something to be endured, part of the rigours of doing business in Japan.

Luckily, it doesn't appear to be a phenomenon that will last forever. A new generation of Japanese executives and top bureaucrats is in the making. They were educated after the Second World War. They have usually lived abroad. One or two of their children may have been born in a foreign country. They speak English with ease, maybe drive a foreign car and take holidays in Spain.

But most important, as the three following profiles illustrate, they see Japan from the foreigner's perspective as well as from its own parochial view.

At the moment, such men are still climbing the ranks – indeed, many will not make it to the top. Nonetheless, they are already making their marks, helping to change Japanese bureacracy and corporate behaviour away from its traditional, inward-looking perspective.

Left to right: Azusa Hiyashi, Tetsuo Chino and Toshihiko Yamamoto. A new breed of Japanese executive

A banking maverick

Toshihiko Yamamoto, joint general manager, investment banking department, Sumitomo Bank, is 44 years old. He is a tall, handsome man who dresses well and sports a year-round tan. Two years ago he launched Sumitomo's mergers and acquisitions business and hasn't had time to pause since. He travels so much that by June he could boast of having already met Michael Dukakis.

Perhaps he has lived overseas too long, but he seems to have forgotten the classically erect posture of Sumitomo Bank officials. Yamamoto sprawls in his uncomfortable chair like a sports player itching to get back to the game.

The man is something of a maverick, both within Sumitomo and within his profession. But he started off conventionally enough. He went to the prestigious Keio University in Tokyo, where he studied economics.

In his final year, his fiscal policy seminar professor told the young man that he should work for a bank, specifically Sumitomo. "At that time, the professor in charge had the power. He could allocate students. He told me I was going to Sumitomo. I had no choice. Marriages were arranged and so was your job. I never thought to protest," says Yamamoto.

In 1972, he was sent to London where he began to break out of the Sumitomo mould by socialising with English friends and plunging into English life. At the beginning, he admits, even the smell of English food made him ill. But he kept at it and learned to enjoy both the country's food and its people.

"Some people have a born capacity to think in a cross-border type of way. It's more than cosmopolitan. Christian societies have a totally different concept of the world, one which is often limited only to other Christian societies. People with a Buddhist philosophy are more cross-border, I think," he says.

As a result, he sees himself as a man with a mission: "Japan needs people to build these bridges. Otherwise we may make a terrible mistake again based on misunderstanding," he says, referring to the last war.

At the moment, most of Yamamoto's bridges are financial ones. His ability to see beyond Japan led him to realise that the mergers and acquisitions fever coursing through other countries would soon strike cash-rich Jepan. In just two years the mergers and acquisitions team has handled nearly $3bn worth of deals.

But despite his pioneering role, Yamamoto is not earning e huge salary. Instead, his team of 50 or so executives are gently moving out of the traditional Sumitomo career pyramid. Until now, every Sumitomo executive has served as a bank branch manager before moving up. But for an executive with extensive experience overseas, four or five years in rural Japan could be death for his international contacts.

As e result, analysts expect the rise of young executives like Yamamoto to force Sumitomo and other banks to create separate, swifter career paths for its young hot shots. Nonetheless, Yamamoto sees no trend towards the Western notion of profit-sharing bonuses and huge salaries.

"Sure, I earn much less than foreigners working in the M&A business. But M&A is a cyclical business. This boom is only six months old. Perhaps two years on, who knows. I prefer stability and staying with the bank. Our biggest advantage is our huge client base. If we were independent, we'd lose our network."

Although it applies to e tiny fraction of Sumitomo's 17,000 employees, Yamamoto says that the change is affecting the way young people look at the bank and vice versa.

"The M&A business requires English-speaking ability, foreign culture, negotiating skills and accounting. This presents a challenge to us to look for these abilities among the newcomers. If we don't open up, we will kill these young people. That'e why we are creating a different career path.

"Japan's homogeneity is not one of our strengths. Now it's a danger. We must mix more with the world; otherwise we cannot survive. We will have the same clash as before the war." There are those in the older generation, he says, "who still think Japan is the best in the world and what we did in the past was right. . .young people are different; they have no fixed ideas abont the world," he says.

Setting a pattern

Tetsuo Chino, head of Honda North America, is also a maverick. But in a sea of strong-minded characters, he hardly stands out. Honda was told 20 years ago that it should stay out of the automobile business. It has defied tradition ever since.

Chino isn't the most obvious candidate for a series on the newer breed of Japanese manager since he's 56 years old and a board member of Honda. But this is a senior managing director who wears plaid jackets, loves to argue and is delighted with tough questions, the tougher the better.

"Maybe Honda is setting a pattern for other Japanese companies. We are very international, we have open doors, we even welcome interviews," he says. "Because of that attitude, foreign journalists write ebout us frequently and others are jealous. Now other companies are imitating our open style. I'd say that is the highest form of flattery . . ." he says with alaugh.

Honda workere do not address each other eccording to rank, as in other Japanese companies. It also maintaina no distinctions between white and blue-collar workers. Fectory workers are even represented on Honda's board.

A graduate of the International Christian University in Tokyo, Chino apent four years with an import company and joined Honda in 1962.

He insists that his sole qualification was an ability to ride a motorbike. His first assignment was to be sales manager in Northern Japan. "All of us, no matter who we are, have to learn all the businesses. We are not like Americans. We are not on super express trains here. We are on a normal train. I enjoyed learning the fundamentals," he says.

Chino went ebroad at the age of 33 and rose steadily through the ranks of the company. His overseas experience helped him to advance at Honda which was strongly targeting foreign overseas markets. The exciting thing about Honda, he says, was that when he spoke, his superiors listened to him.

"We are not ahimanagashi here, that is isolated from the current. Within days of joining the company, I met the very top people. When I moved back to Tokyo, I saw them twice a week."

Now tbat ha has climbed close to the top of one of the world's fastest growing euto companies, how has his lifestyle changed? "I live in an apartment abont tbe size of this room," he says, eyeing up tbe spacious interview room witb a practiced eye. The apartment is about 40 minutes from the office, yet it is still a pied-a-terre. His home is two hours from Tokyo.

"It's not only me, but the entire standard of living in Jepan should be upgraded. That's the major issue for us. We still live in hutches. Our fundamentals, roads, bouses, and so on, are underdeveloped. Why do we put up with it? We became affluent overnight. My children'a generatioo will change their life-style. My daughter grew np in the US. She is now at Cornell Law School. There are many young people who know the West. In 10-15 years, our lifestyle will be greatly changed," he says.

Does he ever dream about Lee Iacocca's salary? "I'm envious of him!" he says emphatically. "But I think the success of this company is not only due to my merit. It is due to the merit of everybody. You can't run a business by yourself. Iacocca pretends he does everything himself. And of course he's a big success. But if his staff stops working, the company cannot succeed.

"Tbe Japenesa have patience, which goes back to traditional Japanese ethics, from China, that teaches that the best way to live is to be bumble. It also teaches that thinking should be at the highest level.

The urbane diplomat

Azusa Hiyashi, director, First International Economic Affairs Division of the Foreign Ministry rises from his crowded, cluttered office, where one desk nearly touches the next. He saunters into the nearby director-general's office, who is eway in Europe. He settles himself into a large leather chair and waves up at the long gallery of stern black-aod-wbite portraits above his head.

"All these guys, they worked on the reconstruction of Japan after the war and its entrance to international bodies like GATT. Now, things are more difficult. Foreign countries have recognised our power and what we can do, so they have raised their expectations," he says.

"We are the young cadres, young managers, children of the post-war age. I was born one year after the war, in 1946. We think our role is now bigger than that of our counterparts in Europeen conntrics, because expectations are bigger. Our role is to try to observe this change in expectations of Japan and keep a few steps ahesd of general opinion. We have to prepare Japanesa people for the cbanges."

Hiyasbi, with his gold-rimmed glasses, large mop of black hair, smart suit and tie and leather loafers, is the classic urbane diplomat. "Japan can't say any more that we need to protect ourselves, that we are vulnerable. We heard this line a lot in the past. Now we believe in our ability to survive," he says.

"When we say we want to increase imports from European countries, we are sincere. It can be said we are a little bit more open than our predecessors. We have the luxury to be so. We are different tempre-mentally from our predecessors, but the time is also different. We travel e lot, more than before and we talk to foreigners. My predecessors point out that tha trade surplus is only five years old – what if it falls? But I say that opening our markets to more competition will sharpen our economy."

Hiyashi believes thet the new breed of manager is no less hard-working than thet before it. "This generation is deeply committed to the work ethic. We work very hard, even harder than our predecessors. I don't think the younger ones, 10-15 years younger, work less hard than I do.

"In London, I enjoy concerts at the Barbican; I go to museums. But I think the point is that aucb things are just impossible in Tokyo. Concerts start at 6 or 6:30; the price of tickets is sky-high and they usually sell out in one day," he says resignedly.

Hiyashi wes born in rural Japan and was the first in his village to make it to the top-ranked Tokyo University. When he returned home from a posting to New York, land was too expensive for him to buy a house. So he bought land in the country and built a home from imported goods.

"It has American windows and Swedish doors – they were cheap," he says with an easy laugh.

He only gets there ebout once a year. Tbe rest of the time he lives in a government flat with his wife and children in west Tokyo. The place measures just 73 sq metres. "Some part of it is so shabby, the sink so narrow, they should improve it. Every morning when I shave, I feel a little bit upset. It's so small, it's substandard. But we pay low rent."

As Hiyashi points ont, life for the new managers is still arduous. But the rewards, in terms of a job which gives more and more latitude to the individual, are just beginning.

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- Getting the most out of the investment in technology, how to measure the benefit
- Plastic cards into the 90s, creating unity
- Computing standards in the banking environment
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When computing has a sporting element

WHILE athletes like Steve Cram, Said Aouita and Fatima Whitbread used Sunday's international meeting in London to demonstrate their readiness for the Seoul Olympics, Unisys, the world's second largest mainframe computer manufacturer, was demonstrating its skill at sports results recording.

The company's black and red caravan vied with Independent Television's outside broadcast trailer for domination of the cark park at Crystal Palace during the McVities Challenge Invitation.

If sport is a microcosm of life, compressing blood, sweat and tears into a few minutes, sports results recording has a similar relationship with conventional data processing. Unisys provides the computer systems which record and collate the results at many of Europe's most prestigious athletics meetings.

It also provides a results service for championship golf, ice skating, skiing and show jumping. But, according to David Fox, Unisys external events manager, athletics presents the toughest challenge. "There are rarely less than five different eveots going on at the same time. You might think that athletics is all one sport, but in fact scoring the tripla jump is as different from recording the 5,000 metres as football is from ice skating."

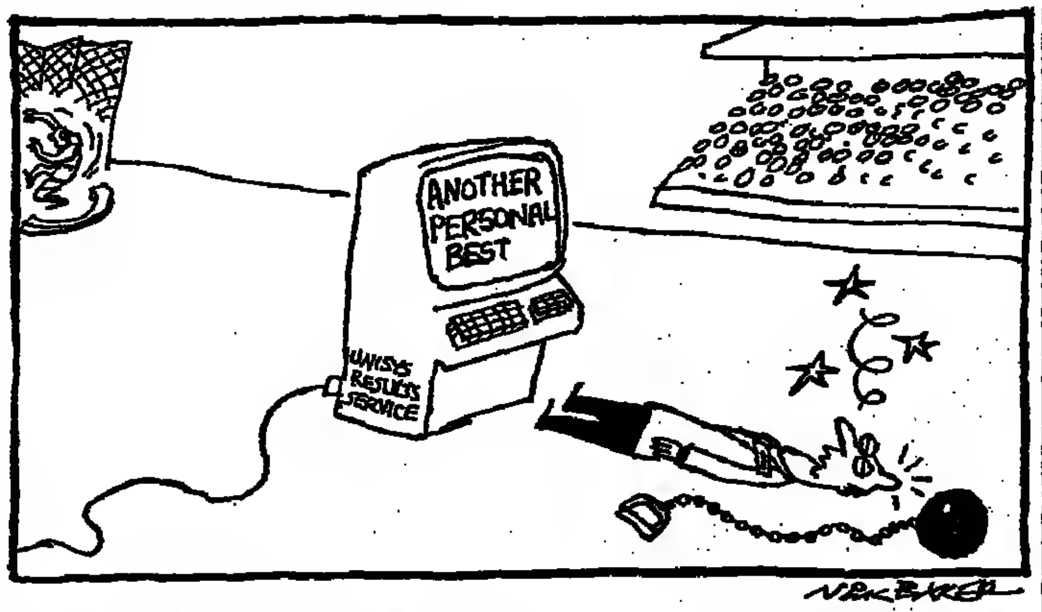
And there are other complexities. Sean Glover, Unisys software consultant for external events, points out that the easiest meetings to record are the large championships where competitors and competition management have to play by the rules.

Tbe worst are invitation events, wbere virtually anything goes: "The promoter is metaphorically and sometimes actually standing on the starting line witb a load of money saying: 'Do you want to go in the next race?'"

Technically, the results service is simple. There are comparatively few computer terminals involved (a dozen or so) and the processing is simple enough. What makes it tough is the difficulty of producing absolutely accurate information and results in conditions of uncertainty.

Each event is monitored by a separate computer terminal. Housed in bright orange covers, they are connected to a pair of mainframe computers in the results caravan.

The terminals are identical. What enables them to handle separate events is the software written by Sean Glover and running on the mainframes. Echoing the problems faced by systems analysts building conventional commercial systems, Glover points out that while it took him a week to write the software using Linc, one of Unisys's advanced program generators, "it took me a year of talking to the athletics administrators to understand what they wanted."



As a meeting progresses, scores are tapped into the terminals, transmitted to the mainframes, processed and tben retransmitted to the inquiry terminals used by television and radio commentators, stadium announcers and sports reporters. Many different types of inquiry can be made, including searching a databasa for athletes' biographies.

The mainframe feeds information to terminals in the ITV trailer where Unisys specialists Tony Monk and Ray Boulding are busy creating and tailoring captions ready to be overlaid on to video sequences.

Fox and Glover apart, the Unisys team are volunteers – Tony Monk works with the financial services division during the week. The Unisys service is free – the company regards it as valuable publicity. The annual cost of its athletics activities is about £400,000 including sponsorship.

Unisys will not be going to Seoul. IBM's technicians are already installing the Olympic results service.

Alan Cane

The sharpening of a business weapon

Alan Cane reports on the priority now given to rapid access to the latest information

The future of business computing may well lie in systems where computers and their users maintain a dialogue based on the latest available information, called on-line transaction processing.

Airline reservations and foreign exchange dealing are among the operations that benefit from a technology which many experts see as having the greatest growth potential in business computing.

On-line transaction processing (OLTP) involves a direct link between computer and user. The user sends a request to the computer, the details are logged instantly, bringing the computer database up to date, and a response is returned. All this happens within a second or so.

The bullish view of the potential for such systems comes from some prestigious users. John Watson, director of information management at British Airways, says: "I do not look at the use of OLTP as a competitive advantage because it is essential." John Harris, managing director of general Guarantee Corps and director of Great Universal Stores, bemoans its absence: "If we had had OLTP there is no doubt in my mind that we could have done an extra 5 per cent above our current sales."

The manufacturers agree. Earlier this month, Digital Equipment, the leading minicomputer manufacturer, announced it had improved the OLTP performance of its flagship VAX computer range ten-fold. In the process, it claimed a three to five times advantage over International Business Machines in cost per transaction.

OLTP systems hava traditionally been the province of large mainframes. Minicomputers have been too slow, lacking in sufficient memory capacity and unable to search for the items quickly enough.

Tandem was the first minicomputer company to break the mainframe manufacturers' hold on this market when it introduced its Nonstop machines in the late 1970s. Marketed as fault tolerant machines, they were also good transaction processors. The financial community quickly recognised the advantage of using low cost, fault tolerant Tandem computers in place of multi-million-dollar mainframes for many transaction processing applications, such as cashless shopping.

According to the New York stockbroker PaineWebber, the market for OLTP systems is worth between $20bn (£12bn) and $30bn a year and growing at more than 20 per cent for certain kinds of application.

A new measure of computer power, the "debit/credit benchmark" has had to be introduced to estimate the power of these advanced systems. A system able to process 95 per cent of all transactions within one second is defined as a one TPS. By this measure, according to Digital Equipment's figures, the VAX 8830, costing $1.8m, is capable of 27 TPS. Dividing the five-year cost of the machine by the TPS gives a cost of $66,000 per second of processing power. A $8.7m IBM 3090 model 200 E gives 38 TPS at a cost of $229,000 per second of processing power.

Tandem warns, however, that the use of benchmarks is fraught with dangers. Its figures for its top-of-the-line VLX system with eight processors, using a benchmark devised by a company called Sybase, gives 120 TPS at a cost of less than $2m.

In the US, Silicon Valley consultant Omri Serlin has established a consortium of vendors – including Tandem and Digital Equipment – to agree common benchmarking standards.

No matter how their performance is measured, OLTP systems are becoming increasingly necessary to support the modern business. The quotes from Gemintas, Harris and Watson come from a study of corporate trends in information technology carried out by HR&H Consensus International and commissioned by Tandem Computers in the UK.

The study, covering interviews with 50 of the UK's top companies, confirms that information technology is now seen as a strategic business weapon by senior management and that it is being used as a way of avoiding commercial disadvantage.

Graham Gooding, director of systems office, Ford of Europe, says: "We use computers now for competitive advantage in our three core strategies – in getting quality products to market faster, in producing higher quality at lower manufacturing cost and in focusing on customer needs."

More than 50 per cent of the organisations interviewed were using OLTP to some extent and 15 per cent had moved over entirely to an OLTP system. Competitive advantages were cited in areas like customer service, stock control, trend monitoring and sales data collection.

"He who knows first wins," says Christopher Cartwright, executive director at Country NatWest, National Westminster Bank's brokerage arm. "If you can pull up data quickly, you can book a trade."

When instant availability of data is so important, the system must be reliable. The survey reports that about 50 per cent of manufacturing and retail organisations had experienced a serious breakdown in recent years, including ones caused by power failure and fires.

Most of the banks and all the stockbrokers interviewed had had significant breakdowns. Financial institutions reckoned they would go out of business in two days if a major fault were not corrected.

David Turner, director of finance at Shell UK, summed up the pressures: "You have got to have solid, up-to-date information about what has been happening in the business and outside.

"You must have consistent data throughout the company. Generally, the old style of information systems did not give you totally consistent data, so there is an opportunity to have a much better level of control over the way you run your business. If you do not do it, you get left behind."

The study, entitled Corporata Trends in Information Technology, will be available shortly from Tandem Computers UK on 01 841 7361.

Tracing problems with carphones

By Della Bradshaw

EARLIER this month, the proud owner of a new car took it into a UK garage to have a cellular radio telephone fitted. When the job was completed, he found he could not reverse out of the garage because the phone had been installed too close to the gear lever.

Bad installation is one of the downsides of the boom in cellular radio sales, where the promise of fast profits has sucked in a number of less reputable dealers.

To combat the problem, a voluntary code of practice has just been published by the Federation of Communications Services (FCS), the mobile radio industry's trade body. This follows a request made three years ago by the two cellular operators, Racal Vodafone and Cellnet, for a quality assurance scheme covering installation, maintenance and manufacture.

Jonathan Clark, chairman of the FCS, believes bad installation is the main cause of complaints about calls being cut off, noise on the line and engaged tones caused by congestion. "I suggest bad installation is a greater problem than anything to do with the networks themsalves, althongh I don't want to underestimate the problems there," he says.

Although the voluntary code is supported by most airtime retailers – the companies which sell the phones and send out bills to customers using the two cellular networks – some think it does not go far enough. "It's OK to have advisory codes of practice, but we really do need to have legislation," says Darryl Flinders of Ansells Communications Service, of Cambridge, a cellular radio installer.

He argues that companies installing traditional phone systems have to be licensed by the Office of Telecommunications (Oftel) and the same sbould apply to car phone installers.

Until the results of the FCS initiative filter through, manufacturers and retaiiers advise potential cellular radio customers to ask a few simple questioos before deciding where to get a carphone installed.

- Has the installer been on a relevant training course? The best motor mechanic is not necessarily the best radio technician.
- Where will the aerial be put? The recommended position is in the middle of the roof, although an "on glass" aerial fitted to the top ceotre of the windscreen can also be used. Aerials installed on the wing of the car are likely to result in poor quality voice transmission.
- What service and back-up is there for the phone? If something goes wrong, how soon can it be repaired? Will the installer lend yon another while it is being repaired?

Finnish cellular telephone manufacturer Nokia-Mobira has launched a free guide for prospective cellular phone purchasers. It is available from Nokia-Mobira on (0223) 862762.

An airborne detector of oil under the sea

By Geoffrey Charlish

BARRINGER Oil, of the UK, is offering an airborne detection service in which a specially equipped aircraft can be flown over the sea to increase the chances of finding offshore gas and oil fields.

Called Fluoroscan, the system detects minute traces of the substances by laser scanning from the aircraft.

Oil or gas seeping from accumulations below the sea bed fluoresce (emit visible light) in the intense ultraviolet radiation emitted by the laser. The data collected by many sweeps over an offshore area can provide an accurate identification of places with the greatest potential for drilling.

The aircraft also carries a downward looking radar for detecting surface changes associated with oil or gas seepage and can measure the earth's magnetic field. Information from this equipment is used to help interpret the laser scans.

Barringer Oil can be contacted on 0491 613372.

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Odd view of status ● Wide gulf in perks

By Michael Dixon

You cannot hope
to bribe or twist,
thank God!, the
British journalist.
But, seeing what
the man will do
unbribed, there's
no occasion to.

THOSE lines by Hnmbert Wolfe have long been quoted by politicians and such to twit members of the Jobs column's trade. But 1 now discover that we journalists are not the only folk who can be accused of the foible Wolfe noted.

Evidence of that comes in the latest review of executive-employment trends by Incomes Data Services (193 St John Street, London EC1V 4LS; tel. 01-250 3434). One of the trends IDS reports is that companies, especially in the finance and high-technology sectors, are growing anxious about tha harm they might suffer at the hands of employees who leave.

The result is a drive to embellish the service contracts of key people with restrictive covenants, under which they sign away their rights to do certain things should they go to work elsewhere. Activities the covenants seek to ban include disclosing confidential information, taking a job with a competitor in a particular field before some specified date, and soliciting the former employer's customers.

Bnt companies' moves to protect themselves in that way are being hampered — in Britain, at least — by a recent development. They could once tempt staff to accept such ties in return for payments which, for tax purposes, were treated as different from on-the-job earnings and so had enhanced appeal. It has now been removed, the sums concerned being taxed as normal pay.

Hence many employers keen on restrictive covenants have concluded it will cost them far more to get staff to sign. In doing so, they may be wrongly assuming that their key people are more resistant than Wolfe's journalists to doing uncanny things unbribed. IDS says one company finds that, if it sugars the restrictive pills with a notice period, its staff gladly accept them as *status symbols*.

Even so, they seem unlikely to suffer much from it. IDS adds that personnel specialists it has consulted largely doubt that restrictive covenants can be usefully enforced in the courts.

Fringe contrast

THE PAST few days have brought two further reports on another, probably more vexed executive-jobs issue: perks. Both studies refer to Britain. One, with separate parts for financial companies and for industry and services is by Hay Management Consultants (52 Grosvenor Gardens, London SW1W 0AU; tel 01-730 0833, fax 01-730 8193). The other, limited to City finance work is by the Jonathan Wren recruitment consultancy (1 New St, London EC2M 4TP; tel 01-623 1266, fax 01-626 5258.)

The results show starkly the advantages financial sector axecutives enjoy over their counterparts alaewbera in fringe benefits as well as pay.

Take for instance the level at which a worker typically gets a company car. In industry and the like, the level is indicated by the manager of a £10m-£15m sales retail store with 100 staff, or a professional apecialist such as an accountant with six to seven years experience. At that sort of rank the pay would be about £19,850.

In finance, the threshold for receiving a car is typified by the head of the claims section of an insurance concern, or a specialist accountant with four to five years experience. What is more, people at that lower stage are characteristically paid about £21,600.

The advantage of London finance-sector staff is far greater still in the important matter of housing costs. Both the Wren and the Hay reports indicate that over 90 per cent of employers give generous help with house-buying to some two thirds of those on their payrolls. Rarely does it taka more than a year, and quite often merely six months, for a recruit to qualify for an advance of at least £50,000, and usually more, at an average of about 5 per cent interest.

By contrast, of Hay's sample of 261 companies in industry and the like — half of which reported difficulty in staffing their operations in South-east England — only four offered a house-purchase subsidy.

Three charged no interest on it, the fourth requiring 5 per cent. But in two of them the maximum advance was small: £2,000 and £3,500 respectively. The remaining pair, which restricted the halp to senior staff, would go up to £25,000 in one case and £30,000 in the other.

City batch

RECRUITER John Williams is offering a batch of jobs in the City of London on behalf of two employers he may not name. He therefore promises that applicants who so request will not ba identified to his clients at this stage.

Three of the posts are with a bank owned in the United States, and all are on the marketing side of its corporate foreign-exchange operations. In every case the jobs are deemed to require at least three years success in similar work. All the newcomers will report to the corporate FX manager.

The first will help to expand the marketing of the London branch's relevant wares, including options, to big national and multi-national concerns. A particular need is direct experience of advising company financial chiefa on the strategic management of currency positions.

Number two'a main activity will be marketing professional fund-management in FX and optiona. Candidates ahould again be practised in dealing witb top rankers in client organisations, and have first-hand knowledge of tactical hedging decisions.

The principal task of the third will be helping to expand tbe branch's marketing to companies elsewhere in Europe, which puts a premium on fluency in at least one other appropriate language besidas English.

Salary for each post in the £30,000-£45,000 bracket, plus bonus on results and car among the other benefits.

Mr Williams's other quarry is an international economist to work for a world-spanning investment concern. Reporting to the head of its fixed-income research effort, the newcomer will be occupied in analysing economic and financial trends throughout Europe, working closely witb tbe company's international bond-trading and sales staff.

Candidates should be highly numerate and preferably have a higher degree in economics together with experience in comparable work.

Pay indicator £25,000-£30,000 and profit-related bonus.

Applications to Russell, Williams and Associates, 43-45 St Mary's Rd, London W5 5RQ; tel 01-579 1082.

Senior marketer

ANOTHER experienced and anthusiastic marketing ace, although one with sufficient active service to be ready to step back from the front line, is wanted to succeed Malcolm Thomas as director general of the Marketing Society.

The prime task is to ensure high-quality administrativa services to the society's members in general, and in particular to its central management committee whose chairmanship changes hands every year. There are three supporting staff at the London office: a general manager, a conference manager and a membership secretary.

It will be for the newcomer to decide how much time needs to be spent at the office, but there is a good deal of evening work such as attendance at sub-committee meetings and official functions. No salary is quoted, but my estimate would be around £20,000.

Inquiries in writing to Frank Cokayne, the society's current chairman, Stanton House, 206 Worple Rd, London SW20 8PN.

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Jonathan Wren

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Jonathan Wren

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De-regulation will not necessarily mean diversity

Christopher Dunkley does a little crystal ball gazing at the Edinburgh Television Festival

The cover of the brochure for this yenr's Edinburgh International Television Festival (EITF) shows a crystal ball with tarot cards superimposed. The image is apposite. Everyhody who attended – whether tyro independent producer or BBC panjandrum – wanted to know what the future holds for television once the new technologies become available. Should we assuma that because the British took so enthusiastically to video recorders they will be equally keen on buying satellite dishes? Or the opposite: that having spent £250 on a VCR to expand their choice they will feel no need to pay for more?

Will Rupert Murdoch's satellite service, offering four new channels for a one-off payment of £199, sound the death knell for BBC and ITV? Or will viewers hold back to see whether BSB's more expensive, but incompatible, service, complete with a pay-channel for movies, is better? If the Government's new broadcasting *legislation* accepts *an* open-skies policy (and what else can it do?) shall we be deluged with soap and game shows from the sky? Or will de-regulation mean diversity?

The 1988 festival (more than ever like the professional conferences in other industries, less than ever like the impassioned student debating society that it once resembled) was sometimes more interesting than tha summer television schedules, but not as often as it should have been. Too many of the young Turks who, 10 years ago, stood in the body of the hall calling down fire and brimstone upon the heads of television's mandarins were, this year, up on the platform defending the departments and the budgets over which they themselves have now become the mandarins.

If the government's new broadcasting legislation accepts an open skies policy — and what else can it do — shall we be deluged with soap and game shows from the sky?

But for anybody willing to do a little Gypsy Rose Lee interpretation there were, indeed, plenty of hints about television's future, and pretty ominous they were, on the whole, despite frequent attempts by the new mandarins to convince us that they welcome more competition, that in 10 years time television will be more varied and better than today, and that a proud tradition of high quality broadcasting is *not* disintegrating before our very eyes.

The four-day talk-in began with an outstanding "MacTaggat Lecture" by leading French television journalist Christine Ockrent who was, until recently, Deputy Director-General of France's public service TF1. She pointed out that French television had swung from being the most to the least regulated system in an astoundingly short time. When TF1 was privatised the major shareholder became the civil engineering group of Bouygues, and Ockrent said of the people now running it: "These are men who tell you, blank in the eye, that there is no reason why a television station should be run any differently from a pipe factory . . . he new breed who seek financial and managerial control over broadcasting have goals hut no standards. Programmes are not discussed in terms of quality but in terms of commodities and figures. Judgement comes in with the ratings the following morning.

"In many ways the French situation epitomises the fears which i guess many of you nourish about de-regulation . . . we have, indeed, more channels than before but we seem to have less choice. Conformity, uniformity, settle in, with the usual populist justifications: this is what the public wants, and who are we to criticise those choices? Look at the ratings! Ratings terrorise the industry. At a slower pace, and on a smaller scale, the erosion in quality and pluralism is the same that affects the aching American networks.

"Erosion affects news standards as well. What is interesting has over-run what is important. Some presenters of news programmes, albeit journalists, anchor entertainment shows as well. Where is the borderline? Isn't the Princess of Monaco news? And isn't she more attractive than tha Third World debt? The French presidential election provided one of the most illuminating and scary moments in journalistic trends: TF1 produced an extremely funny and popular Muppet type programme, a local "Spitting Image," as n parody of the campaign. A few days before the vote the anchor of the main evening news programme invited not the candidates but the Muppets to deliver their final address. It was fun, but was it news?"

With that in mind it was chilling on the final day of the EITF to hear Jane Hewland, Controller of Features and Current Affairs at London Weekend, which has recently abandoned its serious current affairs programme *Weekend World*, describing the assumptions which will now guide LWT's current affairs seriee. What viewers switched on for, she claimed was "stories about people." (A belief clearly shared by Jim Styles, Managing Director of Sky channel who also promised us "people driven" news from his satellite.) She truly believed in giving the viewers what they wanted, and the person she admired most in television journalism was Esther Rantzen. She would not deny the rumour that TV-am's Anne Diamond would be the presenter of LWT's new series, and, most telling of all after the Ockrent anecdote: "I shan't be above using every trick in the drama and entertainment book. Current affairs have been too slow in using them."

Before the new technologies have arrived, let alone proved their competitive muscle, the existing broadcasters are planning pre-emptive changes which will reduce the diversity available

There seems little difficulty in interpreting that set of cards (hallo Muppet news) but the crystal ball had first cleared long before, during the opening discussion which was chaired by the FT's own Raymond Snoddy. On his left sat Charles Jonscher, vice president of Booz, Allen & Hamilton, who told us that there was too much scare-mongering about the likely effects of the new television ecology upon programme content and standards. It seemed unlikely that the new channels would take more than 35 per cent of the audience (which would be enough to give them an economic base) while the BBC and ITV would keep 65 per cent which ought to be enough for them to survive quite adequately.

Coming from one of the numbers men who have been advising the Thatcher Government, this sounded encouraging: perhaps those of us who feared the slide towards Gresham's law and a downward spiral of ratings-chasing after the arrival of the new technologies were being unduly alarmist? But then from Mr Snoddy's right came the voice of Greg Dyke, LWT's Director of Programmes, who had been asked what changes he expected to see when comparing the 1998 schedules with those of 1988. He replied that education, religion, documentaries and children's programmes would not be sustained at their present levels. There was, he said, no justification for LWT spending as it did now, 7 per cent of its budget on children's programmes when those programmes achieved such small audiences.

Here was a vivid illustration of what is, surely, the main danger now facing British television: that before the new technologies have arrived, let alone proved their competitive muscle, the existing broadcasters are planning pre-emptive cbanges which will rednce the diversity available, in the hope of achieving greater competitiveness, even though this may be unnecessary. The new competition may never materialise: satellite and cable could yet prove a disaster in Britain.

Though many speakers in the sessions on drama, telethons, faction, and so on, expressed their profound personal belief in the desirability of diversity, and in the need to supply programmes concerned with quality of content as well as those aimed at quantity of ratings, the 1988 EITF felt very like a watershed. Whatever the realities of the threat posed hy satellite and cable, ITV is going to change dramatically in an attempt to become more popular.

Le Jeu de l'Amour et du Hasard

LEITH THEATRE, EDINBURGH

At last! Theatre worthy of an international festival. The French-based Argentinian Groupe TSE have brought a Marivaux production to the Leith Theatre from Paris, where it was premiered last year. Unlike many equally delicate exports, it has travelled well.

Le Jeu is arguably Marivaux's masterpiece, the bitter-sweet crystallisation of his delicately probing analyses of love at cross-purposes, love in spite of itself, love despite social barriers, jokes that turn sour, intrigue that gets out of hand. To the formal symmetry of a gavotte (master and servant change places, so do mistress and maid) is added the dissonance of pain, the syncopation of real, if unwelcome, feeling.

The beautiful set and costumes (Claudie Gastine and Andre Collin) place the action in the fragment of a ruined circular hall. Jewelled mosaics, baroque garlands, exquisite ornateness are offset by the stone floor that reveals raw rock, the large unglazed windows that look onto a wild landscape, and through which the characters leap and clamber, and the broken masonry up which some of them shin.

For, inspired by the 18th century fashion for depicting – in porcelain and painting – monkeys in human clothes, the director, Alfredo Arias has moulded the comedy in simian terms. Daniel Cendron's lovely, naturalistic monkey masks top the full skirts and lace cravats of the rococo, as if animals were (literally) apeing the modes of men; or as if nature were breaking through the artifice of humanity.

This group's adaptation of Balzac's Heartaches of an English Pussycat, another combination of elegant design and animal masks, was seen in Edinburgh in 1979 and inspired Henze's opera, The English Cat.

The heroine, Silvia, first indicates her animality with quick, twitchy head movements. Her maid, Lisette, squats on straddled legs, and pulls up her skirts to scratch at the talk of love. Silvia's old father lopes in on all fours, a balding, wispy-haired orang-utan; and his daughter leaps, screams, and defiantly crouches, when told she must marry a man she has never seen.

The cast gibber, yelp and swing their arms in moments of excitement, while never sacrificing a jot of elegance in language or sentiment. Alain Salomon's valet (impersonating his master) obsessively rubs his groin, his specific gravity centred in the pelvis. The disguised maid screeches as she rolls on the ground, legs waving in the air, during their robust wooing, each convinced of being onto a good thing in social climbing.

The courtship of the upper classes reveals more delicate sensibilities: bewildered resentment at this attraction to supposed inferiors; cruel teasing from those in the know; and, as so often in Marivaux, a hair's-breadth escape from tragedy, or at least comédie larmoyante.

The cast carries it all off with brilliant élan. Marilu Marini and Zobeida are vocally and physically well-differentiated as mistress and maid. As Silvia's mocking brother, Pierre-Francois Pistorio stands out both for his light-footed athleticism and the little caws, squeaks and whimpers with which he conveys monkey concerns. Only the romantic hero lacks incisive characterisation, physical or vocal, despite his harlequin costume. Otherwise, this production (less than two hours with no interval; simultaneous translation available) is totally absorbing and exhilarating.

Martin Hoyle

Promenade concerts

ALBERT HALL

A pair of concerts over tha bank holiday weekend emphasised the Proms' continuing commitment to British music. While there are always plaudits to be won from promoting the first performances of new music, it takes a hardier programme-planner to schedule important works from the last generation of compositions that have already fallen into neglect.

Tippett's Piano Concerto is a prime example of a work whose existence is widely known, but whose music generally is not. Written between 1953 and 1955, it was virtually contemporaneous with the composition of *The Midsummer Marriage* and the similarity in their musical language, a complex and febrile mesh of sounds which is constantly agitating to move off in new directions, is one of the major attractions of the concerto.

In the first two movements Tippett takes the density of those sounds to what is probably the furthest limit in his writing of that period. The opening allegro, constantly teeming with the most elaborate ideas, holds the attention because the unusual textures it creates are so beautiful; whereas the slow movement is inclined to sound merely dense.

What both lack is a striking group of leading motifs. Many of the ideas sound as though they might more suited as an accompaniment and it is only the proliferation of them, their combination one with another and ultimate complexity, that hides the lack of anything more individual. Tippett's move to music of a cleaner and more dynamic cut in the finale suggests he may have sensed this himself.

Nevertheless, there is much in the concerto's warm and humane atmosphere, a shared feeling of *The Midsummer Marriage's* glorious message of rebirth, that is special to this composer. This performance by David Wilde and the BBC Philharmonic Orchestra under Edward Downes seemed to have a full command of Tippett's score, both with regard to its notes (the piano part looks fiendishly awkward) and its orchestral beauties.

The concert ended with Mahler's Fourth Symphony. This was not Mahler interpretation at its most personal, and there were many moments where one longed for Downes to pull back and savour the landscape. But the BBC Philharmonic played as though they knew exactly what they wanted every note to mean, and Felicity Lott was the affectionate soloist.

Richard Fairman

★

Sunday's BBC Symphony Orchestra Prom under David Atherton, an attractive and well-executed all-English programme, included a cleanly shaped *Enigma Variations* and a vivid, unsentimental account of Britten's *Spring Symphony* specially notable for first-rate singing from the combined BBC and CBSO choirs.

It began, touchingly, with the 50th anniversary-performance of Vaughan Williams's Serenade to Music – the *pièce d'occasion*, written for Henry Wood's 1938 Golden Jubilee and involving 16 of the day's finest British singers, that resulted in one of the small masterpieces of English vocal music. Atherton had chosen to revive it here with 16 soloists from the BBC Singers. Perhaps this was a slight limiting of the work's peculiar magic – since part of Vaughan Williams's mastery was the way 16 different, strong vocal personalities were impressed into its short solo phrases – but the euphonious and musicianly ensemble made considerable amends.

It was moving to have three of the original soloists, Dame Eva Turner, Mary Jarred, and Roy Henderson, saluted by the audience at the end; and still more moving that the work's original harpist, Sidonie Goossens, should still be playing in it on this occasion.

Max Loppert

Scene from La finta giardiniera

La finta giardiniera and La clemenza di Tito

Drottningholm

This year's new production at Drottningholm was *La finta giardiniera*, staged hy the regular home team of Arnold Ostman and Göran Järvefelt. Even in ideal circumstances, which is precisely what the Court Theatre should provide in terms of festival rehearsal conditions and proper intimacy, this is a tricky work to bring off, sharing as it does with *Don Giovanni* the enigmatic designation *dramma giocoso*. While Da Ponte's faultless libretto gives unmistakeable pointers as to mood and meaning, the much vaguer Coltellini/Calzabigi text for the earlier work makes trenchant demands on a director's acuity and sensitivity to mood.

Purely musically, the staging could be accounted a considerable success: the fine young cast had been well prepared, and the orchestra was on especially alert form this year; all – all? – that was missing was crisp and communicative enunciation of the italian language from all four ladies.

On stage, things were less happy. Mr Järvefelt, a pragmatic man of the theatre, has said that when faced with an andience that doesn't understand the text, as must have been hy and large the case here (and in this temple of authenticity there is no place, mercifully, for surtitles), then he takes this into account in his direction. The result, in stark and depressing contrast to his usual work in this house, was an evening loaded with sight-gags, some of them surprisingly coarse.

Extras as well as soloists were for ever mugging and primping, Ramiro's shock revelation that there was a suspected murderer in the house party was fatally upstaged by a collapsing wedding dress, and the nadir was reached in the first scene of the third act, set in Don Anchise's hedroom (it shouldn't be) with the poor old gentleman trying to sleep, wiggling his toes in Nardo's aria and having to deliver his own in competition with a pillow fight, foot-washing and the full shaving-cream routine.

It all looked too like an admission of panic-stricken desperation on the director's part, and such basic essentials as control of character development, especially in the case of the crucial Count Belfiore (who never really recovered from his initial appearance as a close relative of Lord Foppington), were lost in the general hubhub. There is a great deal more to this piece than was allowed to meet the eye – or indeed the ear, literally, in that seven arias and acres of recitative were cut.

But vocally there was much pleasure. The performance was dominated by two Drottningholm debutants: Stuart Kale as Don Anchise, alone of the cast singing consistently in clear, comprebensible Italian and showing such innate understanding of buffo style as to make one regret ever more the over-direction; and the young American tenor Richard Croft (Belfiore), another lively stage personality whose dryish tone grew more liquid as the evening progressed and whose easy, precise agility should win him an eventful career in Mozart and Rossini.

There were two nicely contrasted mezzos in Eva Pilat (Arminda), also *en debut*, whose smooth, tightly focussed delivery and admirable spirit ("Vorrei punirti" rightly stopped the show) was balanced by the more vibrant, interior Annika Skoglund as Ramiro. Ann Christine Biel made an ideally holshie and tart Serpetta, and Petteri Salomaa a stylish Nardo. The one disappointment, a rather central one, was Britt-Marie Aruhn's thin-voiced Sandrina, dramatically a cipher.

★

Amends were made in full with this year's second offering, *La clemenza di Tito*, which was everything a revival ought to be. The cast was the same as last year, hut all had worked their way more deeply into the characters and their music, and all took advantage of Mr Ostman's noticeably more relaxed approach to phrase with extra insight and penetration. Both Stefan Dahlberg (Titus) and Anita Soldh (Vitellia) had added a touch of metal to their tone, and the latter's account of "Non più di fiori" as a full-blown operatic mad scene was stunning. Lani Poulson's Sextus, warm of tone, secure in decoration, was on the same level, and Pia-Marie Nilsson's hypermusical Servilia remained utterly irresistible in every way.

The production, presenting Titus (who survived assassination) as Gustaf III (who didn't) in the latter's own theatre, is Järvefelt at his best, and the whole evening – "authentic" hut hristling with theatrical life – was a shining example of everything that Drottningholm stands for.

Rodney Milnes

ARTS GUIDE

Aug 26-Sept 1

THEATRE

London

Too Clever By Half (Old Vic). A fizzing Gogolian production by Richard Jones of Ostrovsky's Diary of a Scoundrel in an old Rodney Ackland version, with remarkable Expressionist designs by Richard Hudson and a brilliant central performance by newcomer Alex Jennings. Until August 13. (928 7616, credit card bookings 261 1821).

Easy Virtue (Garrick). Transfer of King's Head revival of early Noel Coward, same period but lesser vintage than Hay Fever, but worth seeing. (379 6107).

South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical, with Gemma Craven failing to wash the baritonal Emile Belcourt out of her hair. (839 5989).

The Phantom of the Opera (Her Majesty's). Spectacular, emotionally nourishing new musical by Andrew Lloyd Webber. (839 2244, credit cards 379 6131/240 7200).

Follies (Shaftesbury). Eartha Kitt and Millicent Martin now decorate Mike Ockrent's strong revival of Sondheim's 1971 musical, in which poisoned marriages nearly undermine an old burlesque reunion in n doomed theatre. (379 5399).

Hapgood (Aldwych). New Tom Stoppard mixes espionage, romance and higher physics. Felicity Kendal is the eponymous intelligence agent, Roger Rees and Nigel Hawthorne in elegant support. (836 6404, credit cards 379 6233).

Amsterdam

Agnes of God (Stadsschouwburg). The English-Speaking Theatre of Amsterdam with John Pielmeier's play, directed by Bryce Pedersen. (Fri, Sat). (24 23 11).

New York

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline. (239 6262).

A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its back-stage story in which the songs are used as auditions rather than emotions. (239 6200).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama. (239 6200).

Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its US incarnation: the skaters do not have to go round the whole theatre but do get good exercise on the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up, silly plot. (586 6510).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness to a stage full of characters. It has nevertheless proved to be a durable Broadway hit. (947 0033).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy. (246 0220).

Speed-the-Plow (Royale). David Mamet applies his biting sarcasm and ear for the exaggerations of American language to Hollywood, in this screamingly funny and well-plotted exposé of the film industry. (239 6200).

Stranger Here Myself (Public). Angelina Roux performs two decades of Kurt Weill's songs in a one-woman show covering the composer's careers in Berlin, Paris and New York. (598-7100).

Washington

Les Misérables (Kennedy Center Opera House). The touring company of the international hit of last season brings to Washington the historical sweep of Victor Hugo, set to music and an insistent contemporary beat. Ends Oct 15. (254 3770).

Sleuth (Eisenhower). Stacy Keach and Maxwell Caulfield star in the mystery pitting a writer against a mild-mannered travel agent who's stolen his wite's attections. (254 3679).

Cabaret (Wolf Trap Festival). Joel Gray leads the cast in n week-long visit by the revival of the hit musical based on Christopher Isherwood's Berlin reminiscences of the 1930s. (432 0200).

Tokyo

Kabuki (Kabuki-za). The morning programme, at 11am, includes Kago Tsurube, with Living National Treasure, Utaemon, in one of his most famous roles as a sophisticated courtesan who gulls a country bumpkin. In the afternoon, at 4.30pm, the progamme includes Il Tairo, n "new kabuki play" set in the 19th century at the time of Japan's opening to the West, as well as one of the most famous works in the kabuki repertoire, Kanjincho (The Subscription List), in which a wily servant outwits his master's pursuers. Opens September 1. (541 3131).

Opera-za no Kaijin (The Phantom of the Opera), Nissei Theatre. Japan's leading musical company, Shiki, acquits itself well in what is a virtual carbon-copy of the London original. The Japanese translation is often awkward, bnt Andrew Lloyd-Webber's gift for musical pastiche, Harold Prince's romantically evocative staging and Maria Bjornson's stunning sets and costumes make for an enjoyable evening whether you understand the words or not. Ends September 20. (503 3111).

SALEROOM

Game for sporting guns

Traditionally the big salerooms closed down in Angust and September because their main customers were off shooting and yachting. Now they pursue them in their holiday pursuits, at least as far as Gleneagles where Sotheby's held a very successful auction on Monday.

The key sale was of sporting guns, which produced a record total of £686,070 with just 6 per cent unsold. Potential shooters often have to wait years for a good pair of guns to be made for them and find it quicker and almost as cheap to bag a pair in the saleroom. The top price was £38,500 for a pair of "Royal Model De Luxe" game guns built by Holland & Holland for the Game Conservancy's 1983 raffle.

There is more interest these days in guns with a history and one of the first hammerless guns Purdey built for King Edward VII in 1885 was well over estimate at £12,100. Another gun with Royal connections, a German 7mm double barrelled rifle built by Barrella in 1914 for the Czar of Russia, was at the top of its estimate at £4,400.

Game rifles were in demand, a .458 "Royal" sidelock ejector by Holland & Holland and fired only for regulation and sighting went for £26,400. An interesting item was s gun made by Purdey for live pigeon shooting. The world championship in Rome in 1956 was won hy the Egyptian Emanuel Vafiadis with this gun, whicb made £12,100.

Anthony Thorncroft

FINANCIAL TIMES

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Wednesday August 31 1988

UN credibility at stake

LAST FRIDAY tbe UN Security Council passed a resolution sponsored by four Western countries – Britain, West Germany, Italy and Japan – whicb not only condemned, once again, the use of chemical weapons in the Iraq-Iran war, hut also stated for the first time that "appropriate and effectiva measures will be taken" if such weapons are used again by anyone anywhere in the future.

That needed saying because, given the repeated use of poison gas by Iraq in the closing stages of the war, mere retrospective condemnation had begun to look like impotent hand-wringing. Unhappily, bowever, it seems that this warning may not have had the desired effect and may have to be followed up with specific punitive action if the Security Council is to retain any credibility on this issue.

The figbting between Iraq and Iran has now stopped, but the Iraqi regime has taken advantage of this to intensify its operations against Kurdish insurgents, hitherto backed by Iran, in the north of the country. The leaders of these insurgents claim that cbemical weapons have been used against them, and against the Kurdish civilian population, and that this use has intensified in the weeks since Iran agreed to a ceasefire. One of them, Mr Masoud Barzani, has even stated that more than 500 people have been killed and 3,000 wonnded in the latest chemical offensive, which started only last Thursday.

Prompt investigation

If that is true – and it bas to be taken seriously: large numbers of Kurdish civilians are known to have died last March in the town of Halabja – there could hardly be a more brazen and provocative defiance of the Security Council's anthority. It is therefore vital that these charges be promptly and credibly investigated. Up to now only complaints by the belligerent states about use of chemical weapons against their nationals have been taken up by the UN. But the wording of the latest resolution is broad enough to cover attacks by a state on its own nationals.

The fact that the Kurds have the misfortune to be citizens of the stata which is attacking them must not be allowed to deprive them of protection against a flagrant violation of international law. Any member state of the UN can take the initiativa of demanding an investigation and it wonld seem appropriate that this be done by tbe governments which sponsored last week's resolution.

Iraq should be asked to allow UN investigators immediate access to the area in question. Refusal would be virtually tantamount to an admission of guilt, but in any case it would be appropriate for Turkey also to be asked to allow investigators to visit the Turkish-Iraqi frontier, since it is there that many of the Kurds fleeing the alleged chemical offensive are now to be found.

Frontier closure

Turkey should also be asked to clarify, as a matter of urgency, tbe procedures applied to these refugees. The Kurds say that the frontier has been closed and tbat all would-he refugees are heing either turned away or actually handed over to tbe Iraqi anthorities. Turkish officials have denied this, saying that only able-bodied males are refused admission on tbe grounds that their presence in Turkey might aggravate the considerable problems already caused by Kurdish separatist guerrillas within that country.

The Turkish attitude is suspect because Turkey and Iraq share an interest in snppressing Kurdish nationalism on both sides of the border, and have co-operated in doing so in the past. But Turkey, a member of Nato, surely cannot condone the use of chemical weapons by Iraq, nor refuse sanctuary to women, children and wounded men who are fleeing for their lives.

The Turkish Red Crescent, with assistance from the International Committee of the Red Cross, should be encouraged to provide for the immediate needs of these desperate people and the international news media should be given unimpeded access to tbe Turkish sida of the frontier so that the world can get a clearer idea of what is really happening.

Wages rates in the Post Office

THE DISPUTE which has led to today's strike at the British Post Office is a symptom of the intense pressures for flexibility in national pay bargaining, created by the sauna-like qualities of the south-east's labour market.

The strike is over the introduction of pay supplements of between £7.50 and £20 a week at 55 post offices in the south-east, to ease the recruitment and retention of postal staff. It highlights the troubling questions of equity and efficiency raised by the skewed regional distribution of economic growth.

The Post Office has particular problems retaining people for the first year of employment in the south-east. Turnover rates in some offices are as high as 55 per cent a year. The Post Office is quite right, therefore, to seek to eliminate the inefficiency of high turnover costs, by introducing a measure of pay flexibility. It can also point to an argument from equity. An inflexible insistence on national pay rates would do little to benefit workers in Derby, but would damage workers in Croydon, who would be deprived of the compensation for soaring house prices that they need.

Motivation problem

But there are also arguments against moving to completely decentralised pay bargaining. If workers believe pay differentials are unjustified, motivation and so productivity growth can be damaged, especially in an integrated nstional business like the Royal Mail. A worker in Liverpool who produces a service that generates the same revenue as a worker in London is bound to wonder why his wage is unrelated to that paid to workers in the same organisation, but resident elsewhere. Such attitudes are themselves an important constraint on what is sensible for the Post Office.

However, the Post Office's integration is not the only constraint on its room for manoeuvre. In terms of competition in the south-east's labour market, it remains part of the public sector. The civil service and local autborities are also introducing local pay supplements. But they are unlikely to be able to compete effectively with the banks, building societies, and insurance companies, which are offering much larger increases to important staff.

This leaves the Post Office in an unhappy position. It may well be ridiculous for the UCW to call strikes over the issue, since local pay additions have been introduced by a large range of employers who have retained national bargaining. None the less, the proposed supplements are unlikely to be more than a small part of the solution to its problems, as other major employers will responded by competing still harder for tha same limited pool of workers.

Mixed solution

In the longer run the solution – for the Post Office and for the economy as a whole – will consist of a mixture of three elements: the movement of as much work as possible away from London to regions with high unemployment; the encouragement into the market, often on a part time basis, of alternativa sources of labour already present in London and the South East – the long term unemployed, women returners, workers who have taken early retirement; and – last, but not least – improvements in opportunities for low-skilled migrants to move into the London region.

A general competitive tendency to raise the wages of unskilled labour where it is now in short supply will itself contribute to the first element in the solution. But all activities cannot be relocated elsewhere, letter delivery being a relevant example. This is why tbe Post Office (and other employers) must also take a flexible approach to the question of whom to recruit in the London region. What is also needed is a co-ordinated effort by local councils, business, and central Government to improve the availability of bousing for workers on below average earnings.

National pay agreements must allow flexibility to respond to diffarent market pressures. But individual employers' responses will only be effective in the context of a more concerted collective attack on linked failures of the housing and jobs markets.

Stephen Fidler reports on bankers' growing unwillingness to contribute to new financing

Debt fatigue in Latin America

In August 1982, the Latin American debt crisis burst into the open when Mexico declared that it could not meet its foreign debt repayments. Six years later, masked by an outward calm, the crisis is entering a new and critical phase.

Agitation and fatigue grows in debtor countries about the sacrifices needed to repay the debts in full. With elections dua in a number of Latin America countries, opposition politicians are seizing on the debt issue in support of their cause. There is increasing scepticism about the ability of debtor countries to dig themselves out of the crisis without debt relief (Argentina is the current focus of concern). The willingness of banks to contribute to new financing shrinks.

Meanwhile, there are other factors at work that could threaten the ability of countries to service their debts. Rising US interest rates threaten to erase the benefits to debtor countries of higher commodity prices and doubts grow about the sustainability of six years of growth in the industrial world. In Mexico and Venezuela, lower oil prices pose a further difficulty.

The current acceptad approach to the crisis – outlined almost three years ago by US Treasury Secretary James Baker – envisages the eventual return of debtor countries to creditworthiness through growth-oriented economic policies. The policies would be supported by new loans from commercial banks and agencies such as the International Monetary Fund and the World Bank.

Doubts about the Baker Plan are now being expressed in distinctly unradical quarters. Mr Barber Conable, the president of the World Bank, said in a memorandum in March: "It will be extremely difficult, perhaps impossible, to generate aggregate net flows for the heavily indebted countries in the necessary amounts exclusively through the concerted new money approach."

The "new money" approach calls for the periodic shaking down of all a country's bank lenders to provide new loans, followed by financing from the IMF and World Bank. Banks back the new money approach in principle, but increasingly show their distaste for it in practice.

Banks are criticised for not lending enough and taking too long to do it. "The record is plain," Mr Michel Camdessus, the managing director of the IMF, said earlier this year. "Last year, net bank lending to countries with debt-servicing problems was negligible at best; the two years before, it was negative."

To tampt in banks whose interests increasingly diverge, every fresh new money package contains more and more financing options. If a new money programme is agreed this year for Argentina, the deal will include for the first time an option which allows banks to capitalise interest, instead of putting up new money.

Banks participating in new money packages are increasingly angry about "free riders", banks which never put up new money but benefit from the interest payments. They make it harder and harder to raise new loans. (A recent rescheduling agreement for the Ivory Coast, written under French law but yet to go into effect, attempts to address this problem by punishing free riders, stopping servicing on the debt for banks which do not put up new money.)

Yet, while he criticises the banks for not lending enough, Mr Camdessus's own organisation is itself receiving net repayments from many rescheduling countries. Commercial banks put up $5.2bn in new money for Brazil in 1988 and 1989; the IMF takes $400m out this year and contributes nothing next.

Conscious of the IMF's limited role, the World Bank has moved to bridge some of the gap. Its stamp has been needed to attract banks into new-money financings such as Brazil's. In future, says Mr Conable, the World Bank should increasingly be "facilitating other forms of financial relief, including debt reduction schemes." But it is severely constrained by conservativa accounting and the need it perceives to maintain a top credit rating.

> **The danger lessens that the crisis could trigger international financial collapse**

The conclusion of many bankers is that even with these efforts, sufficient resources cannot be transferred to the debtors. On this view, the next step should be a more formal approach to debt relief; the debate now centres on whether debt relief and new money packages are mutually exclusive, or can be run successfully side-by-side.

The view that debt relief could provide a way out of the problem now gets a hearing at the highest levels in international banks and western governments. Mr Baker himself earlier this year supported an approach recognising that the poorest debtor countries, mostly in Africa, do not have the means to pay their debts in full.

For banks, the large increases which many of them made last year in provisions on Third World loans paved the way to start selling the loans at discounts on the secondary market, thereby recognising losses. Debtor countries have seized on this. Some have been attempting to capture this discount for their own benefit through, for example, debt-for-equity programmes and bonds-for-loans swaps.

Bankers still voice strong objections to having debt relief forced on them. But this position has been weakened by the extent to which banks have already voluntarily recognised losses on their Third World loans.

According to Salomon Brothers, the 13 largest US lenders reduced their developing country loan portfolios by $1.4bn in the first quarter, and by a further $2.3bn in the second. In the year to June 30, Citicorp alone reduced its exposure to developing countries by $1.88bn to $9.45bn. The four big California banks have cut their exposure in the same period by $1.4bn. In 1982, Brazil's foreign bank creditors numbered more than 700; six years later fewer than half of those banks are still creditors.

This fall in exposures, coupled with strengthening of bank capital, is reducing all the time the danger that the debt crisis could trigger international financial collapse. The possibility of default by two or more of the largest debtors still presents a risk, but the dangers are now very much concentrated on a handful of US banks. Soon, even they will be immune.

Bankers' long-stated objection to debt relief is that it is a slippery slope. They cite the "moral hazard" involved: the worse a country behaves, the greater advantage it can reap from the deeper discount on its loans.

The problem here is that moral hazard already operates: the "virtuous" are not rewarded. For example, Colombia, which has never rescheduled its debt, pays a higher interest rate on its loans than Brazil and faces problems this year in getting new loans from banks. Bolivia has already bought back nearly half of its bank debt, with a total face value of $334m, at a mere 11 cents on the dollar.

An approach based solely on debt forgiveness has several undesirable implications, however. It would mean that countries which force debt writedowns will have to delay their return to the voluntary financial markets perhaps for a decade or more for all except short-term trade and very specific project financing.

More significantly, wholesale debt forgiveness will weaken creditors' hold over debtors. Once granted, debt relief cannot be ungranted. It therefore marks a sharp break with the principle of conditionality, the foundation-stone of the current approach which makes new financings contingent on the achievement of economic targets set by the IMF and World Bank.

The conditions laid down by western creditors are viewed as an arrogant imposition inside many debtor countries; discontent is fanned by domestic politicians throughout Latin America. The IMF is the bête noir of the debt populists: on developed country television screens, pictures of bankers at classy cocktail parties in Washington are juxtaposed with those of the poor in Rio's shanty towns. But it is not the IMF which ensures that the poorest 25 per cent of Brazil's people only receive 8 per cent of welfare payments and which insists that in Argentina, a country of 30m people, only 50,000 pay income tax.

Conditionality has had only limited success in improving the management of the economies of debt-distressed countries, and has made only a few inroads into the web of entrenched interests underlying many of their economic problems.

Achievements among debtor nations have been uneven and often disappointing. None the less, overall current account and trade positions have improved, economic growth has re-emerged in some countries, some key key debt ratios have fallen and important steps have been taken to create more competitive economies.

However, large transfers of resources are still being made from the developing countries to the developed world. With banks reducing their exposure dramatically and the IMF and the development banks constrained in the amounts they can contribute, there is little wonder that people have cast around for grander solutions to the crisis, such as schemes for wholesale debt forgiveness. Such heroic plans have been vetoed by western governments, mainly on the grounds of their cost to tax-payers and on what they say is the need for a case-by case approach to the debt problem.

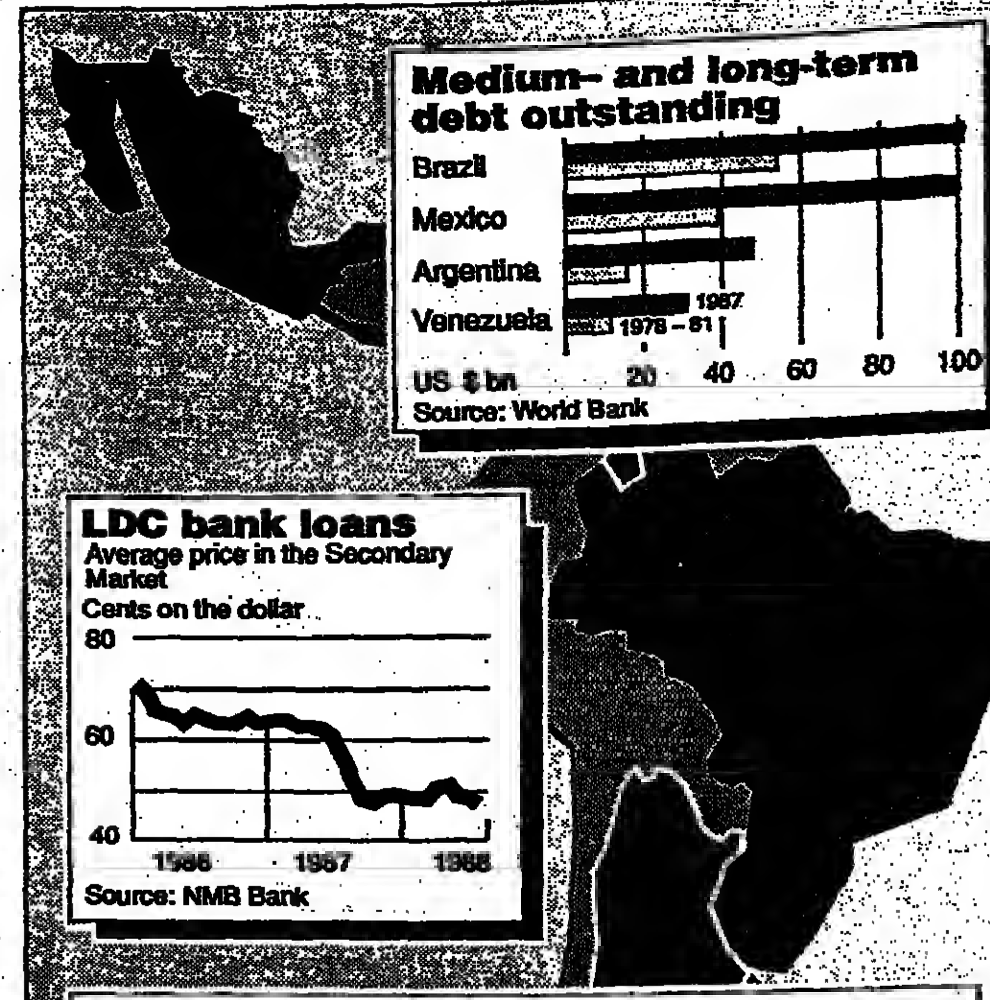
The case by case approach will almost certainly continue, but it is increasingly likely to include debt relief measures. The next clear western government move on the debt crisis is likely to come from Washington. The growing consensus that the current approach can offer no solution may combine with the arrival of a new President to ensure the next stage of the debt crisis is managed, rather than erupts.

The finance package now being raised for Brazil shows, indeed, that new money and debt reduction are not necessarily mutually exclusive. Brazil's debt servicing is being reduced, with $5bn in low-interest "exit bonds" being exchanged for loans, while $5.2bn in new funds are being raised. Mexico is likely soon to announce another bonds-for-loans package to reduce its debt.

Even without fresh western government initiatives, Brazil's bank advisory committee believes debt reduction schemes can help reduce the country's long-term bank debt to $47bn by the end of 1993, a fall of $19bn from the level at the beginning of this year. Of this, more than $7bn could be wiped off through debt-to-equity swaps, it estimates. The total interest savings could reach $5bn by the end of the period.

This view of debt reduction will be regarded as over-optimistic in many quarters, yet if banks do not seize these opportunities to evolve a debt forgiveness strategy, they will no doubt find debt relief forced upon them. Angel Gurria, Mexico's respected debt negotiator since 1982, has this to say in a contribution to a new book*: "If the system uses its resilience and greater strength to avoid change and continue to allocate the brunt of the burden to debtor countries, the ghost of massive, even concerted, default may reappear, and uncertainty and confrontation will lay all our efforts to waste."

*Managing World Debt. Ed. Stephany Griffiths-Jones. Published by Harvester-Wheatsheaf, London, and St Martin's Press, New York.



Latin America: net inflow of capital and transfer of resources

Source: Libra Bank

	1983	84	85	86	87
1. Net inflow of capital ($bn)	3.0	9.3	3.3	8.7	14.1
2. Net payments of interest and profits ($bn)	-34.4	-36.3	-34.8	-30.5	-30.1
3. Transfer of resources ($bn) = (1) – (2)	-31.4	-27.0	-31.5	-21.8	-15.7
4. Exports of goods and services ($bn)	102.4	114.1	108.9	94.2	105.9
5. Transfer of resources as % of (4)	30.7	23.7	28.9	23.1	14.8

OBSERVER

New book on Lonrho

■ They may not be in the Pulitzer class, but Tiny Rowland and his Lonrho group are trying hard. Yesterday came a 185 page volume entitled "A hero from zero" with chapter headings such as Pharaonic Fantasies, Eastern Folly and Hapless Harrods.

It is the latest and biggest of a succession issued over the past two years by Rowland to support his campaign against the Egyptian Al-Fayed family, which in 1985 managed to take over the House of Fraser stores group, and its flagship Harrods, from under the nose of Lonrho. Department of Trade inspectors have also been investigating the takeover and have recently completed their report.

The latest volume, which includes many colour illustrations of obscure legal documents and the back streets of Cairo, must have cost Lonrho no small sum to produce (though it was printed by tha group's own subsidiary Greenaway-Harrison). Some 10,000 to 20,000 copies are being distributed to merchant bankers, MPs, laywers and the media.

One of the main purposes is to put pressure on the Government to publish the DTI inspectors' report. To date, ministers have only said that if the report is published, it will be published in full.

The inspectors may find the Lonrbo style hard to match. For example: "There, in between the potted orchids and the perfume-injected air, was the delicious smell of money, and it attracted many, many influential visitors from the City and from politics." Lonrho was keeping coy about the identity of its anthor.

Jealous wives

■ The Royal Navy is preparing to test delicate waters by sending women ratings to sea in a Nato exercise. A dozen Wren reservists will participate in Teamwork 88, starting today, along with 45,000 allied personnel.

Communications ratings from the Women's Royal Naval Reserve, who would usually take on onshore tasks, are due to sail from Plymouth next Monday with a joint UK-Dutch amphibious force bound for Norway. Commanders, perplexed at the level of media interest, emphasise that British policy does not envisage sending women under fire.

There is another reason, however, why the Navy is shyabout going the way of the Danish, Dutch and US navies in incorporating women full-time. A senior officer admitted that the main problem was the threat of a revolt by Navy wives, sensitive to the thought of their husbands going to sea in the company of other women.

Are their worries justifiable? "Quite justifiable," the officer said firmly.

Bonham's niche

■ Bonhams, fourth in size among British auction houses, is trying to shed its image of being the family firm whose main worth is its Knightsbridge premises and whose chief function is to be used by furniture dealers to dispose of surplus stock.

Last year Nicholas Bonham brought in two heavyweights from Christie's South Kensington, Paul Whitfield and Christopher Elwes, to provide a face lift. The saleroom has been converted into a yuppie playground, aimed at attracting local private buyers rather than the discount hunting antiques trade. Three non-executive directors have now come in as well.

"We'll just have to make do with biting private couriers for 24 hours.

The Duchess of Devonshire, who lives round the corner and is a devotee of Bonhams picture sales, will be expected to give advice on style and to make useful introductions. Peregrine Pollen, who started Sotheby's operations in the US, will satisfy Bonhams modest overseas aspirations. Gurth Hoyer Millar, who masterminded the Home Base operation of Sainsbury, will provide retailing muscle as non-executive chairman.

Amnesty Rock

■ "I am not a rocker," says Franca Sciuto. But that is precisely what the head of Amnesty's International Executive Committee is going to be, very willingly, for the next six weeks as she hits the road to 20 cities and several continents with Bruce Springsteen, Sting, and a cavalcade of rock stars, under the banner of the Human Rights Now campaign which starts in Wembley on Friday night.

Times, Sciuto admits, have changed since her early involvement in activism, for an independent Algeria and a united Europe. The rock tour, costing an estimated $25m and using two airliners plus a travelling band of doctors, technicians and even plasma, is not completely new for Amnesty. Two years ago, Jack Healey, who runs the American branch, set up an independent foundation to send U2, Peter Gabriel and others on a US tour.

The same non-profit organisation is behind this venture. Also involved this time with underwriting guarantees is the Reebok Foundation, itself established by the company which makes sporting shoes etc and which, perhaps, most symbolises today's young affluent.

The benefit for Amnesty, Sciuto reckons, is not financial, but lies in promulgating greater awareness of the Universal Declaration of Human Rights, 40 years old this year. Audiences at each show will be given pocket-sized replicas of the declaration to sign; these will be collected and presented to national governments.

Post early

■ When Alan Tuffin announced that his UCW postal workers' union was planning industrial action (that is, a strike), he did have one reservation. "Let's bope we can get our instructions delivered on time," he said.

In the event his fears came true. Most of the letters, sent out first class on Saturday, arrived yesterday morning, but not all of them. At Cromer, Norfolk, members of the sorting office had read about the strike, but had received nothing official from the union when they went home after mid-day. "We are going to come in until we hear different," said ona union official, even though he supported the strike.

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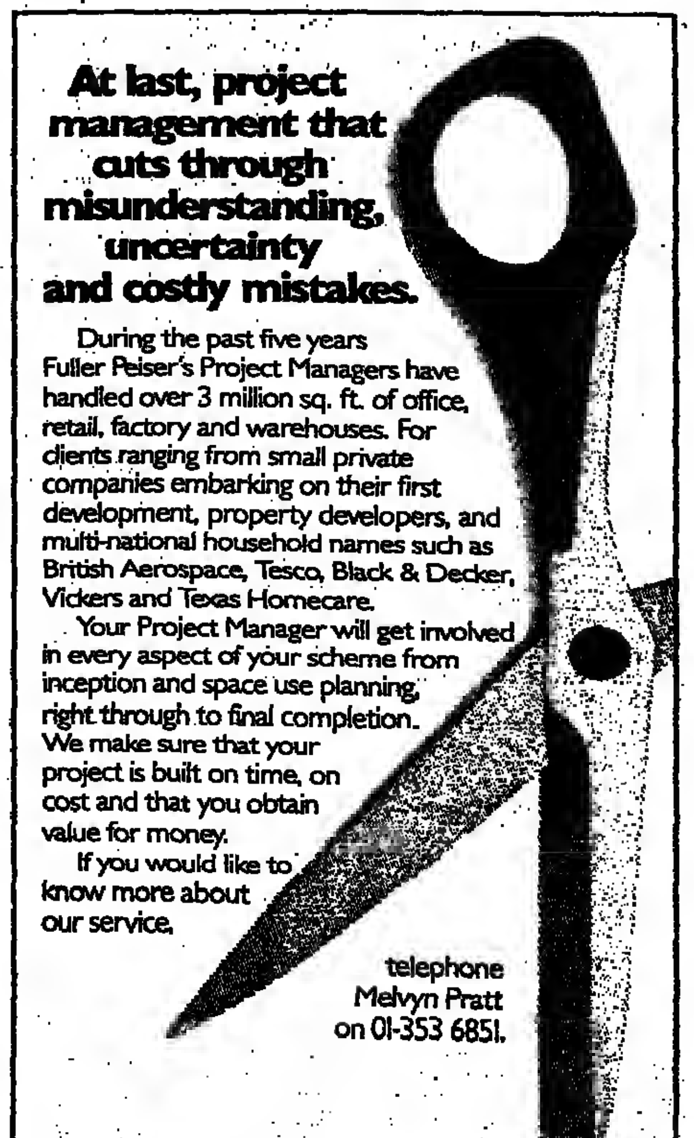

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هكذا من الأصل

As a new season opens, **Philip Coggan** looks at the problems facing English soccer

Trying not to score an own goal

As the saying goes, football is suffering from a severe case of psittacosis – it is indeed as "sick as a parrot."

In England, the new league season started at the weekend with its reputation at an all-time low. In the view of the game's critics, its supporters are unique in their capacity for violant behaviour; the national team is outclassed by foreign opposition; and the club structure is outdated and ripe for reform.

Many of football's problems are far from new. Crowds have been dwindling ever since the peak season of 1948/9 when league soccer attracted nearly 41m spectators. The nadir was reached in 1985/6 when overall attendances fell to less then 17m, but even last year's improved figure of 18m was still well down on the totals achieved in the early 1980s. Nor is violence a recent phenomenon. The term football hooligan was commonplace in the 1960s and sociologists can point to crowd trouble well before the First World War.

Despite all the pessimism, enthusiasm for *playing* the game remains undiminished. According to the Football Association, the number of football clubs (44,000) in England is an all-time high. The English Schools' Football Association believes there are more schoolboy soccer tournaments than ever before.

Although faced with competition from newly-imported sports such as American football and judo, soccer retains its popularity at the grass roots because it is a simple game to organise and play. No fancy equipment, no complex rules; an old tin can as a ball, and two discarded jumpers as goal-posts is enough.

Nevertheless, to compete at the world level, rather more sophisticated facilities are needed. What concerns commentators such as Jimmy Hill is that recent competitions, like the European Championship, have shown that English players have less technical ability than their rivals.

Since there is no reason to suppose that English footballers are naturally any less gifted than European players, the problem may lie in the coaching system. The Football Association makes valiant attempts – over 150,000 youngsters receive coaching help of some sort every season – with the best being nurtured at a national school at Lilleshall, Shropshire.

Nevertheless, Hill still believes that England is at a disadvantage compared with its European rivals. "In other countries, youngsters become associated with professional clubs at an early age," he says. In England, however, young players cannot go on a club's books until they are 14; by that time, bad habits may have been formed and good habits become harder to inculcate.

The so-called skills gap may have other consequences. "If players were more skilful and managers were more attack-minded," Hill believes "the crowds would be attracted back to the game."

There does seem to be a general perception that football lacks some of the "characters" and excitement it had in the past, when crowds were happy to applaud stars like George Best and Stanley Matthews, whichever team they played for. "Had I been a paying spectator at the games I commentated on last season," says Andrew Cheal, a freelance broadcaster, "I would not have been satisfied with the entertainment provided."

However, the chances of immediate improvement in professional playing standards appears slim. The summer's disorder at the European Championship in West Germany means that English clubs have little chance of being allowed back into European competition in the immediate future.

International competitions not only bring in much-needed extra revenue, they provide a testing-ground for the better British players. English sides have found that some of their big names have been lured abroad, if only as far as Scotland, whose clubs have not been banned from Europe.

Within the present league system, the emphasis on winning at all costs restricts the scope for players to develop and parade their skills. Players are too often judged by their "work rate" – their willingness to run back and forth and to harass opponents – rather than their ability to make a telling pass.

Jimmy Hill believes that a system which gave teams extra league points for greater goal scoring might encourage sides to be more adventurous. Others believe that only a national "super league", containing the top 10 or 12 best teams, will allow sophisticated and attacking football to flourish.

It could be argued that a *de facto* super league exists already. Liverpool have been champions of the First Division for nine of the last 13 seasons; together with their Merseyside neighbours Everton, they have been champions on 13 of the last 19 occasions. Eleven clubs shared the first 17 post-war championships; just 8 clubs have captured the subsequent 25.

What is even more striking is that if the circle is widened to cover the top two teams in the First Division, the number of clubs which have shared the honours in the last quarter century only increases to 12. Even if third place is included, the total rises by just five more, to 17.

The FA Cup gives a chance for more obscure clubs to seize the limelight, as Wimbledon illustrated in winning the trophy last season. Even so, one team from the famous five that makes up football's élite – Liverpool, Everton, Manchester United, Tottenham and Arsenal – has appeared in each of the last 13 finals and in 23 of the last 27.

Given this concentration, why not replace the unwieldy 92 club, four division league system with a super league and just one other professional division? The remaining league sides could become semi-professional, establishing competitions like the GM Vauxhall Conference, the flourishing grouping currently placed just below the league's four divisions.

At present, the lower division teams have little chance of ever attaining solvency and many face long and bitter struggles to escape from the jaws of property developers. However, tradition is powerful, preventing football's authorities from opting for radical reform. "I'm a 92-club man," says Jimmy Hill, "no other country has a major competition which embraces the whole nation".

Without reform, the system staggers on from year to year like the male lead in an opera, endlessly prolonging the deathbed scene. This season, the life-prolonging elixir comes from television, after football's negotiators temporarily found themselves in a strong position because the satellite company BSB had broken up the old BBC/ITV cartel. A TV deal with BSB and the BBC deal (covering FA Cup games and internationals) and an ITV deal (covering league games) collectively guaranteed the game £74m over the next four seasons.

Being supported by television, however may prove akin to being rescued from drowning by a crocodile. It is true that TV coverage has spin-off benefits like bringing in more sponsorship money, but it also encourages sports to depend too much on outside backers and not enough on getting crowds through the turnstiles.

If viewing figures fail to justify the money spent by the TV companies, they will reconsider their commitment: and if television goes, the sponsors are likely to follow. So (as American football has found) the televised game would be in a poor position to resist demands for change from its paymasters – such as breaks for commercials every 15 minutes or penalty shoot-outs to decide drawn games.

It is rumoured that Mrs Thatcher asked, at the "football summit" which followed the scenes of disorder at the European championships, whether soccer could not be played behind closed doors and be solely supported by commercial sponsorship. True or not, football insiders are virtually unanimous in resisting the current solution to the violence problem – a government-imposed national membership scheme. They believe it would be costly to implement and would eliminate the casual supporter.

After years of appearing sheepishly guilty about soccer's associated violence, football's authorities are now much more reluctant to accept responsibility for hooliganism. They claim that they have done everything possible inside grounds to prevent trouble: outside the grounds, they say, a hooligan is just a hooligan. But soccer's reputation is now inextricably linked with thuggery in the public (and perhaps the Government's) mind. The greatest fear, as the new season begins, is that further violence may provoke even more drastic curbs than the membership scheme.

Congestion in London

The private path to clearer roads

By Stephen Glaister and Tony Travers

An opportunity to do something about congestion in London is now approaching. The opportunity springs from the current fashion for private investment in public infrastructure. The Channel Tunnel, the Heathrow-to-Paddington rail link and the Dartford Bridge each demonstrate that private cash can be generated to build what would, until recently, hava been thought of as solely public projects.

Traditionally, governments have put up taxpayers' money to pay for new infrastructure or improvements to existing assets. Thus, cities like Paris and Hong Kong have put vast public resources into fast and efficient underground and railway systems in an attempt to lure commuters off roads. Equally, governments in Britain have held back from investment on a scale necessary to relieve the congestion now threatening London's long-term future as a world centre.

Interestingly, it is the major projects which will further add to congestion and travel in London which point to the huge resources that could be made available to improve transport infrastructure. Canary Wharf, Kings Cross, Paddington, the Channel Tunnel terminals, the new coach terminal, Stansted and its London terminal, the general expansion of civil aviation and tourism, and later, the development of the Royal Docks will all add to the need to move about London by public transport. There has already been a 40 per cent increase in peak travel on the Underground between 1981 and 1987. New road building is unlikely to be an adequate solution. The question is, if this government is reluctant to invest the whole of the vast sums needed to build new underground railways, how can private resources be tempted into such developments within the existing city centre?

The key to unlocking private resources for new underground railways lies in making those who will use them pay more and in finding creative ways of allowing developers and existing businesses to realise the financial benefits to them of having better infrastructure near their offices or factories.

Extracting resources from users or benefiting land owners could be done on an involuntary or voluntary basis. There are thus four possible kinds of contribution:

● Involuntary contributions from users.

The obvious example of this would be a general fares increase, though this would be blunt and inequitable. Higher fares for all users might be acceptable if the additional yield were used for expanding existing capacity. Higher fares only on a new line is an attractive possibility, though it would be hard to integrate such higher fares into the zoned fare structures. Other possibilities include a hypothecated tax on employees (one dedicated to infrastructure spending) which could be levied differentially according to location.

● Involuntary contributions from land owners/businesses.

A number of possibilities offer themselves. A hypothecated sales tax could be applied to retail areas, as has been used in Vancouver, Houston and Tokyo. A differential tax on the capital gain on land around new developments is another possibility, as would be a fee for the granting of planning permission. Such "fees" are currently extracted in a haphazard way by local authorities in the form of "planning gain".

● Voluntary contributions from users.

It is unlikely that individuals would donate resources for new infrastructure. But note the Channel Tunnel idea of offering purchasers of its shares discounted trips, thus reducing the cost of raising the required equity finance.

● Voluntary contributions from land owners.

Where there is a single, large beneficiary and a single, large developer then a straight forward bilateral negotiation is possible and appropriate. Where there are many beneficiaries, there are two fundamental problems. First, there is the difficulty of organising a cohesive unit capable of carrying on negotiations. Second, there is the real possibility of "free riding", whereby some beneficiaries may understate their expected benefit from a project in the hope that others will finance the scheme.

There are a number of ways in which free riding can be avoided. First, the railway developer could become the land owner. Land value increases can than pay for the railway. Second, a joint promotion is possible between the rail and land promoter and land owners (for example Bethesda station, Washington; Bloor Hayden, Toronto). Where there are several benefiting land owners, there may be sufficient interest to form a consortium which could promote a new line with the railway authority. Finally, it might be possible for the railway developer to auction capacity on a new line to beneficiaries in advance of the line being built. Those who did not pay up in advance would not receive rights to preferential, lower cost space on the new line.

It is probable that a combination of ways must be found to ensure that private capital can be tempted into the solution of London's transport problems. Higher general fares could pay – at least in part – for increasing capacity on the existing system, while agreements between a consortium of beneficiaries and London Regional Transport or British Rail could pay, again at least in part, for new lines. Selling or auctioning capacity to developers is another possibility. Short-term local taxes on business might be a convincing step if the use of the money raised was seen to be used solely to improve transport infrastructure. Charging for the use of roads, as recently suggested by the Metropolitan Police Commissioner, would mitigate road congestion (so improving bus services) and also provide substantial locally-generated finance for rail investment.

The next few years offer an opportunity to reduce London's congestion in a way not achieved in the past. If there is not ingenuity in the private sector and flexibility in government, there is a danger that the opportunity will be lost.

Stephen Glaister is Cassel Reader in Economics and Tony Travers Greater London Group Director of Research at the London School of Economics.

LETTERS

Public and private balances are interdependent

From Dr John Eatwell.

Sir, Your leader of August 26 ("Tackling the deficit") endorses as "true" the Government's assertion that "the current account deficit . . . will prove self correcting, because it has been caused by private rather than public sector borrowing."

But that assertion embodies a fallacy: that private and public sector balances are independent. The balances are in fact interdependent, and hence the simplistic attribution of cause is profoundly misleading.

A substantial proportion of today's private sector borrowing ends up as payment of VAT, corporation tax or income tax – and rising private expenditure, via increased employment, contributes to the reduction of government social security expenditure.

Hence (even ignoring the distortion introduced by the accounting conventions for asset sales) the Government's current deficit fell as private borrowing rose.

If the rise in interest rates substantially reduces the private sector deficit – as Mr Nigel Lawson, the Chancellor, hopes – and with it the rate of economic growth, there will be a sharp fall in tax receipts, an increase in the Government's social security expenditure, and a rise in the fiscal deficit.

If, then, Mr Lawson (like Sir Geoffrey Howe before him) operates according to the "fallacy of independent balances," and attempts to prevent the rise in the deficit by cutting expenditure or increasing current revenue, he will exacerbate the downturn.

John Eatwell,
Economic Adviser to the Leader of the Opposition,
House of Commons, SW1

Land values are the key

From Mr Colin Gibson.

Sir, Clive Wolman suggests (The Long View, August 27) that we adopt Mr John Muellbauer's proposals to impose income tax on imputed rental income in order to encourage a UK domestic rental market. This is to compound an existing distortion with another.

A more elegant solution would be for the Government to collect the rental on all unimproved land values in place of some – or all – direct taxes. (After all, it is not higher building costs in the UK south east which make housing more expensive, but higher land values.)

This would remove the speculative value of land, and result in the provision of housing at affordable costs through true market forces.

Colin Gibson,
16 Southview Road,
Blanefield,
Glasgow,
Scotland

Contra-flows could end

From Mr J.T. Jennings.

Sir, Now that a civil engineering company has demonstrated its ability to resurface and restructure the main runway at Gatwick airport with no disruption to daytime traffic, no doubt the Department of Transport is actively seeking its services in regard to the national motorway network.

However, could we readily accept a future in which the contra-flow system had been relegated to history, and the present endemic delays suffered by motorway and trunk road users are no more? We could probably survive a serious decline in the plastic bollard-making industry – but could "a surging economy" bear the additional impetus resulting from the reduction in costs to industry as a whole?

J.T. Jennings,
Brook House,
Church Street,
Fontmell Magna,
Shaftesbury, Dorset

'Flexibility' should probe deeper

From Dr Michael Cross.

Sir, The Acas (Advisory, Conciliation and Arbitration Service) survey of labour flexibility undertaken last year provides a useful market survey of the extent of "flexibility" across 584 employers (though the survey was conducted at the establishment level).

Where the survey fails is that it does not measure the "depth" of penetration of flexibility.

For example, it found that 25 per cent of establishments had brought in "greater flexibility of crafts and skills." When this measure is probed further, it is not possible to distinguish between the merging of, say, "like" or "unlike" craft trades.

Nor is it possible to establish the extent of growth of the production operator job into routine maintenance work. Without some measure of the extent of penetration of change in actual job content of traditionally narrow jobs, we cannot objectively assess the extent and utility of the concept of "flexibility".

If detailed analysis is made of everyday tasks which can be shared between both production operators and engineering craftsmen, it is (perhaps) surprising how much "flexibility in craft and skills" can be achieved. For example, where fast moving consumer goods manufacturers make use of large packaging operations (16 main types in the food and drinks industries alone) the operators' job may absorb between 70 per cent and 85 per cent of the existing mechanical fitters' job – which in turn can take on about 40 per cent of the existing electrical and instrument craft job. How many firms surveyed by Acas have gone this far in overlapping craft and operator roles?

Only when detailed measures of the extent of role overlap are established shall we have a robust picture of the extent of significant change from past practices, and the extent of the creation of new jobs. Until this is done, almost every such survey will continue to fuel opinion-led debate, rather than advance understanding of flexibility *per se.*

Michael Cross,
37 Balmain Close,
Grange Road, W5

Ireland's new arts centre

From Mr Tony O Dálaigh

Sir, William Packer's enthusiastic words about the Royal Hospital Kilmainham (Arts page, August 23) are very heartening. I would like to clarify one important point.

It is not accurate to say that the Royal Hospital Kilmainham "has yet to be assigned a permanent role." Since 1985, under a state appointed board of directors, it has been fulfilling the functions, laid down by Republic of Ireland government decision, of an important arts centre, with a busy programme of concerts, exhibitions, lectures and othar events; a venue for state receptions, conferences and commercial functions; and as a building to be visited for its own sake.

With regard to the new Gallery of Modern Art, the Irish Government decided in October 1987 that this would be located at the Royal Hospital Kilmainham, and I£500,000 has been allocated from the national lottery funds for this purpose.

We are very pleased that it was possible to house the magnificent selection from the George Costakis Collection and elements of *ROSC* '88, before work on the new gallery gets under way.

Tony ó Dálaigh,
Director, The Royal Hospital Kilmainham
Dublin 8,
Ireland

Mail monopoly preserved

From Mr Peter Clarke.

Sir, The disruption and tribulation of the prospective mail strike will accelerate the sales of fax machines so we can opt out of the Royal Mail, but tha threat would be marginal or non-existent if the Department of Trade and Industry did not preserve the mail monopoly.

Private carriers could deliver letters, just as they do milk and newspapers. Why is the DTI so hostile to competition?

Peter Clarke,
Kirkton House,
Kirkton Manor,
Peebles,
Scotland

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Turkey bleeds from a concealed wound

Andrew Murray examines the struggle of Kurdish radical nationalism

USE THE word "Kurds" to a Turkish official and he will look pained. Officially they do not exist in Turkey and their very name is a rude word in Turkish political circles – but one which anchors the country in one of the most brutal situations in the Middle East.

An estimated 10m of the country's 56m citizens (the Kurds of south-eastern Turkey themselves often claim 20m) count as Kurdish, speaking a language and preserving traditions very different from those of the majority. They are concentrated in nine provinces, bordering Iran, Iraq and Syria, and, in this area, are an overwhelming majority.

Since August 1984, a guerrilla campaign has been under way among this population, led by what was originally a Marxist splinter group, the PKK (Kurdish Workers' Party) bent on setting up a separate state, a goal which would involve redrawing the frontiers of Turkey, Iran and Iraq.

The Kurds inhabit a backward and mountainous region. Almost their only strength lies in their overwhelming majority in Turkey's difficult-to-control eastern provinces, where until recently even Turkish currency was not accepted.

There is also a growing minority of Kurdish immigrants in Turkey's large industrial cities in the west, mostly working in the worst-paid jobs in places such as Istanbul and Izmir. It is here that Kurdish radical nationalism may have been born.

Apart from providing a threat to the country's internal security, the Kurds also provide Turkey's knottiest foreign problem, embroiling it in secret negotiations with Iran, Iraq, Syria and the Soviet Union.

Iraq, which shares Turkish opposition to Kurdish nationalism, has proved the easiest for the Turks to strike a deal with. The Turkish army has permission from Iraq to cross its northern frontier to control Kurds in the mountainous region where the official Iraqi Government has no regular presence.

This right has been exercised about once a year since it was granted in 1984. When the Turkish army does cross into Iraq to punish Turkish and Iraqi Kurds, it also fights people largely armed by Turkey's neighbour, Iran, which enrolled the Iraqi Kurds in its war with the Baghdad regime.

While the Kurds get most of their support from either, or both, sides in the Gulf conflict, the Soviet Union, with a small Kurdish population of about 250,000, is host to an international radio station broadcasting in Kurdish.

The Soviet republic of Armenia provides moral, and perhaps military, support to the Kurdish insurgents in all three countries. Yerevan, the capital of Soviet Armenia, along with Athens, is among the few cities in the world where it is chic to be Kurdish.

Syria, Turkey's other neighbour, in the past also played host to Kurdish groups. Abdullah Ocalan, leader of the PKK, is reputed to live in Damascus.

After years of rivalry, Turkey and Syria are now at pains to remain on good terms and President Hafez al-Assad's Government is believed to have promised Ankara last summer that it would prevent Kurdish guerrillas from crossing the relatively open frontier and using Syria as a supply base for raids against targets inside Turkey.

Some support for these "terrorist" groups, particularly the PKK, can also be found among the Turkish student population in Europe.

All this adds to the suspicion among the Turkish military that Europe and the US may provide support for Kurdish terrorism. A resolution in the European Parliament in July last year was blamed by President Kenan Evren for causing a massacre by the PKK two days later.

Apart from their military weakness, deeper problems stand in the way of the Kurdish nationalists: they lack a single standard form of their language and even a recognised script in which to write it.

Two major Kurdish dialects, not mutually intelligible, are spoken in Turkey – Kurmanci and Zaza. Public use of both is banned and reports are widespread of Turkish soldiers beating villagers for speaking in them. During the 1970s several magazines came out in Kurdish, written in the Latin alphabet. Few Kurds were able to read them. The Kurds in Iran and Iraq write Kurdish in the Arabic script and are markedly more Islamic and Middle Eastern than their Turkish brethren.

There is a long Turkish government tradition, dating from the 1920s, of dealing with Kurdish disaffection by military force. Recently, for example, helicopter gunships were used to kill 20 "terrorists" in south-eastern Turkey.

Martial law has been lifted in the south-east, but the region remains de facto under military rule, headed by Mr Hayri Kozakcioglu, a regional super-governor and a veteran intelligence officer. Some improvements have been made in response to protests by Amnesty International and other human rights groups. The biggest prison in the region at Diyarbakir, where most Kurdish nationalists are held – including the town's former mayor, Mr Mehdi Zana, who is serving a 24-year prison sentence for his nationalist opinions – is now under civilian control.

Meanwhile, the guerrilla war drags on with astonishing cruelty on both sides. Last year, official government figures gave the number of dead in the war as 600, a figure which seemed low to outside observers. The only firm information about the war comes from Turkish military communiques, ascribing all outrages to Kurdish terrorist activities.

As a whole, the diplomatic feeling in Ankara is that the Kurdish problem is overstated by those few who write about it. "There is national conscription in Turkey," said one senior diplomat. "The country is being pulled together to form one people.

Kurds point out that the experience of non-Turkish speaking youths conscripted into Turkish army barracks being shouted at in Turkish, the use of Kurdish being absolutely forbidden, is not one to encourage a sense of national solidarity.

The official Turkish reaction to all this is two-sided. "Turkey has been able to eradicate ethnic differences with a one-language, unified culture approach," Mr Adnan Kanveci, a special adviser to the Turkish Prime Minister, wrote last year.

But it is certain that large numbers of people are being killed by both sides, and that the army is unable to stop this while the Government has no new policies to offer, despite talk of a campaign to win hearts and minds. The example from across the border of Iraq dropping chemical bombs on its own Kurdish villages is not a happy one.

TURKEY HAS discussed the tense situation on its southern borders with Iraq as growing numbers of Kurdish refugees cross to escape Baghdad's campaign against Kurdish guerrillas in northern Iraq, writes Jim Bodgener in Ankara. Mr Nuzhet Kandemir, the Turkish Foreign Ministry Under-Secretary, covered the issue in scheduled general talks in Baghdad yesterday and on Monday.

The Turkish Government yesterday denied that it had closed its border to the refugees. It has made no statement so far about the refugees or their numbers, other than that it has no obligations towards them under international law, but would take any necessary measures to protect the security of its borders. Turkey's main opposition Social Democratic Populist Party has called on the Government to give asylum to anyone seeking refuge from the fighting.

Unofficial reports yesterday said the number of refugees already in Turkey had reached 35,000, with many more waiting to cross. However, observers think the number is nearer the 6,000-8,000 being quoted on Monday.

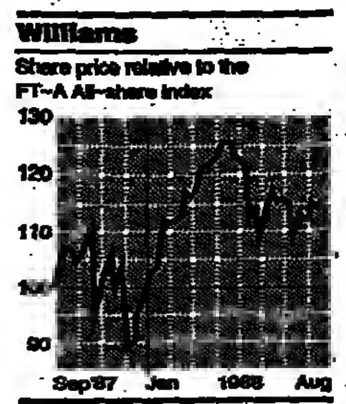
Turkey would not permit Iraq to invoke a "hot pursuit" agreement against Kurdish guerrillas operating from each others' territory to follow up the refugees, the Defence Minister, Mr Ercan Vuralhan, was quoted as saying in yesterday's Turkish press. In recent years, the agreement has been used several times by Ankara in retaliatory cross-border strikes against alleged guerrilla bases in Iraq.

THE LEX COLUMN

None the better for the break

Anyone who supposed that London would recover its nerve over the Bank Holiday weekend was swiftly disabused yesterday. The FT-SE's 25-point tumble in the first two hours of trading was a slight surprise after the resilience of Wall Street and Tokyo on Monday. A glance at sector performance, though, was enough to show that last week's preoccupations – interest rates and sterling – are still to the fore; hence the rises in overseas earners – BAT, ICI, Glaxo – and the clearing banks, and falls in building materials and contractors.

A further slightly ominous sign for the market overall was the weakness in a number of bid stocks. This is no time, after all, to be issuing paper for acquisitions, and the ever-rising cost of cash must be giving the corporate raider pause. If leverage had regained any popularity after the crash, it looks to have lost it again. In its worries over interest rates, London is unlikely to find comfort overseas; indeed, in the absence of news on the domestic economy, the threat of rising rates in the US and Japan is likely to become one of its chief concerns.



Williams Holdings

To pay 24 times earnings and seven times more than asset value for a maker of posh kitchens just as the brakes are being applied to consumer spending might seem a little rash. However, Williams Holdings – which has proved far better than most at spotting the bargains – evidently thinks Smallbone cheap at £24m. Far from going for traditionally defensive sectors, it is making a conscious move up-market, on the grounds that anyone rich enough to spend £40,000 on a kitchen – or on one of its fake Victorian cedarwood conservatories come to that – is oblivious to an extra point or two on base rates. As Williams has not made a bad acquisition yet it would be brave to quibble with this one, especially as it does not seem to dilute earnings, even in the short term. Yesterday's 10.5p fall in the share price to 282.5p said more about the market's nerves than about any wavering of confidence in its favourite mini-conglomerate.

The size of the deal itself and market's reaction to it suggests that Williams has wisely stopped trying to defy the bear market. Having got away with the big Berger acquisition immediately after the crash, it seems happy to limit itself to smaller targets until conditions improve. With the benefits of merging the two paint businesses still to come, it can afford to be cautious. For the next two years it can probably hold earnings growth close to the 25 per cent shown in yesterday's interims – although the slim financial information provided makes forecast earnings look a bit flimsy. Nevertheless, given growth of that order the shares look more than comfortable on a market multiple, especially now that they yield nearly 6 per cent.

Market making

As the war between London's equity market makers hots up, it is quickly becoming clear that there are other weapons to hand besides the reduction of spreads. Yesterday Phillips & Drew, in a pointed display of muscle, was matching the market's best bid and offer prices in the great majority of alpha stocks; but in a development of perhaps equal importance, it was in almost every case quoting only in the minimum allowable size of 5,000 shares.

In effect, P&D is saying that it has had enough of using its capital to service not just its clients, but the market as a whole. By quoting only in negligible size, it has relieved itself of the obligation to deal; institutional clients will be accommodated as before, but competing market makers will be turned away. If this became general practice, the smaller and weaker market makers would be in immediate trouble. Lacking the client base to unwind their positions through the institutions, they would no longer be able to fall back on the market itself; and agency brokers like James Capel, too, would exist only on sufferance.

This is certainly not how the SEAQ system was meant to operate, and may not be desirable either. Institutions which are presently enjoying narrow spreads should reflect that if brokers are not to be held to the prices they display, the market becomes less open. Information – and power – thus passes from client to broker, and institutions will have to revive the dealing skills they needed in the days before Big Bang. It is not yet clear how far P&D's example will be followed, but it is unlikely that the broking war will be fought on spreads alone. Lasting market share, after all, cannot be based on mere execution; research and marketing may command loyalty from clients, whereas the market maker is only as good as his last deal.

Volvo

Volvo is cheap; or at least, it looks it. On the face of things, the company's prospective multiple of around 4.5 times earnings – half the Swedish market average – and the gap between liquid assets of SKr35bn and a market capitalisation of SKr25bn might look like the stuff to interest more than just the Swedish investor. And even yesterday's 11 per cent drop in half year profits can plausibly be blamed on a freak strike earlier this year, without which half year profits would have risen by nearly 15 per cent.

But when Volvo president Gunnar Johansson pronounces the company stronger than ever, one can be forgiven for thinking this refers more to the balance sheet than to Volvo's trading prospects. Exports to the US were down 17 per cent in the first seven months of this year, although they seem now to be levelling off; and although trucks are performing strongly, cars still provide some two thirds of operating income, and profits could be hit if the long-awaited downturn in the European industry finally arrives next year. Meanwhile, Volvo's cash mountain is none the less embarrassing for being difficult to dispose of profitably; now that Euro-hype has inflated multiples for food groups, further diversification in this area would prove expensive. And with earnings expected to remain flat through the end of the decade, Volvo could go on looking cheap for some time to come.

Brazil acts against foreign mining groups

By Ivo Dawnay in Sao Paulo

BRAZIL is to prevent foreign mining companies from taking majority shareholdings in any exploration, extraction or refining operations on its territory. New risk contracts for oil exploration companies are also to be banned.

The Brazilian Congress, currently completing the final and definitive draft of the country's new constitution, took the decisions late on Monday with clear majority votes.

The votes confirm earlier preliminary voting and end, for the foreseeable future, efforts by lobbyists to reverse the decisions.

Although new enabling legislation is still to be drawn up, there is no possibility that the votes will be overturned before the constitution is completed, probably next month.

Foreign mining companies are expected to have a four-year period within which to reduce their holdings to less than 50 per cent, according to special interim arrangements yet to be debated.

Existing oil risk contracts, which centre on the operations of Pecten and Texaco, will be honoured but not renewed.

The votes have been greeted with jubilation by nationalists on both left and right. They highlight the majority held by the nationalist coalition which last weekend defined, for the purposes of the constitution, the concept of a "Brazilian company of national capital."

Opponents fear that the creation of this privileged status may open the way for more restrictions on foreign business and the extension of market protection – from the computer industry to the special chemicals sector.

Foreign mining groups in Brazil have warned that the decision will divert new capital investment to less restrictive countries.

Domestic companies have been reluctant to risk the heavy investment costs in exploration, despite Brazil's promising and little-researched geological map, they say.

Even Petrobras, the state oil company, has opposed the ban on foreign oil risk exploration, arguing that its own $2bn budget is grossly inadequate to chart Brazil's vast territory.

Serious newspapers of both left and right have also been unanimously scathing in their condemnation of the votes. The centre-left Folha de Sao Paulo described them as "archaic xenophobia."

Its conservative rival, the Estado, wrote that the Congress "has decided to commit the worst of crimes an institution can practise against a country – to isolate it from the world."

In fact, the Congress vote will probably be more detrimental to Brazil's image as a potential target for investment than to the mining industry itself. Many minerals companies operating in the country had anticipated the move by adopting or planning links with often nominal, Brazilian partners.

Britain bars toxic waste ship

Continued from Page 1

ian Ministry of Civil Protection said the waste was 20 per cent phenolic resins and 80 per cent industrial slime.

A report prepared by consultants commissioned by the environmental pressure group Friends of the Earth to visit the dump site in Nigeria in June indicates that the cocktail of toxins included Polychlorinated Byphenyls (PCBs) in addition to waste resins, residues from solvent distillation, chlorinated solvents, and filtration earths. PCBs are carcinogenic chemicals produced for use in power stations.

The initial inspection in Nigeria found between 6,000 and 8,000 200-litre drums stacked in a compound on the outskirts of Koko. A further 2,000 drums were thought to be stored in 30 containers on the site. The report said that one stack of blue drums was clearly labelled in Italian as containing PCB waste.

The report added that the sampling exercise demonstrated that the consignment contained "some of the most difficult and intractable wastes produced by industry." A large proportion of the waste, it said, could be destroyed by high temperature incineration.

The Karin B left Italy at the end of June, loaded the waste at Koko port and left Nigeria on July 27. It sailed northwards and stopped at Las Palmas in the Canary Islands for three days on August 11. The ship then sailed to Cadiz in southern Spain but was forced to leave on August 24 by the Spanish authorities.

The Italian government then suggested the Karina B head for the Italian port of Ravenna where an operator capable of treating and disposing of the waste exists. But in the face of strong public protests the government was forced to change its plans.

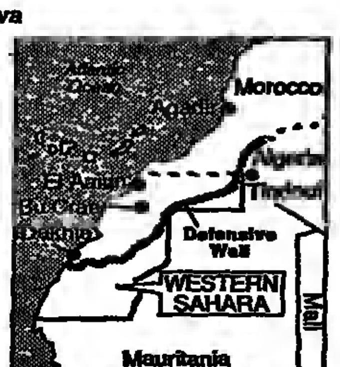
UN peace plan accepted for the Sahara

By Andrew Gowers in Geneva

THE UNITED Nations yesterday registered an important breakthrough in its efforts to end the 13-year war between Morocco and Polisario guerrillas in the Western Sahara.

At the UN's European headquarters in Geneva, both Morocco and the Polisario Front formally accepted a plan drawn up by Mr Javier Perez de Cuellar, the UN Secretary-General, for a ceasefire and a UN-supervised referendum to determine the future political status of the phosphate-rich desert territory.

Both Mr Abdellatif Filali, the Moroccan Foreign Minister, and Mr Bachir Moustapha, the Polisario's external relations chief, attached what Mr Perez de Cuellar's spokesman described as "comments and remarks" to their acceptance of the plan. These reflected worries on both sides about the organisation of a ceasefire and the disposition of troops during a referendum.



But UN officials and Western diplomats described the formal go-ahead as a breakthrough in the longest-running contemporary war. It will further enhance the prestige of an organisation which has this year secured Soviet agreement to withdraw from Afghanistan and a ceasefire in the Gulf war.

Officials hope that a formal ceasefire can be secured within a month and that a referendum can be held within six months. The arrangements will be overseen by a special representative appointed by Mr Perez de Cuellar, and by a UN monitoring force expected to be around 2,000-strong.

Morocco is expected to be asked to reduce its force in the territory from an estimated 100,000 troops at present to about 25,000. All Polisario fighters, which the Front claims total 20,000 but which are reckoned by independent experts to number closer to 5,000, will retire to their bases. The remaining Moroccan troops will be confined to barracks well away from the planned polling stations.

A UN team will be set up to decide who is eligible to vote in the referendum among the population of the territory and the refugees in Polisario camps at Tindouf in south-western Algeria, estimated by Algiers to number nearly 170,000.

Much will depend on what questions the voters will be asked in the referendum. The long-standing plan of the Organisation of African Unity, which has been involved in mediation efforts alongside the UN, is to pose a choice between independence for the territory, as demanded by the Saharawi nationalist Polisario front, and integration into Morocco, in line with King Hassan's claims.

The hope now is that the parties may be persuaded by friendly countries such as Tunisia, Saudi Arabia and Algeria, which three months ago restored diplomatic relations with Morocco, to accept a third question calling for a considerable measure of autonomy for Saharawis under the Moroccan crown.

Resolution of the Western Sahara issue would remove a constant source of tension between North African countries which brought Algeria and Morocco close to war on more than one occasion. It would also considerably improve the atmosphere within the OAU, which Morocco quit several years ago in protest at the recognition the Organisation accorded to the Polisario.

Peace in sight, Page 3

WORLD WEATHER

Brussels seeks airline liberalisation

Continued from Page 1

"There cannot after 1992 be a justification for excluding almost all of the main regional airports in Spain, Denmark, Italy or Greece from these liberalisation provisions," Mr Sutherland said.

The need to provide some form of control at Community level over airline mergers would become more and more pressing as the process of breaking down national frontiers accelerated in the run up to 1992 and the creation of a single internal EC market.

One effect of greater liberalisation of air transport is likely to be mergers between European airlines, senior managers in the industry believe. This would follow the pattern in the US, where more than 60 per cent of domestic airline traffic is accounted for by just five airlines, 10 years after US airlines were deregulated.

Mr Sutherland said Community-wide merger control was "particularly important in the air transport market."

The Commission had recently amended proposals it had put to EC transport ministers on merger controls.

"It is hoped that the modifications will accelerate the discussions in the council so that the regulation can be adopted at the latest by the end of the year," he said.

Even without the proposed new regulations, the Commission "can and will act where necessary to control the abusive and restrictive creation of monopoly power in the air transport industry".

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NEWS REVIEW

BUSINESS

Major avionics agreement

Four of the principal UK aerospace companies and the Royal Aerospace Establishment have signed a unique agreement to collaborate on a major avionic development which heralds an important new way of working between Government and Industry.

The objective of the collaboration is to produce a Mission Capable Simulation of the type of Mission Management Aid which will be necessary to ensure the tactical effectiveness of a single seat combat aircraft operating in the late 1990s.

The joint venture, now formally launched, brings together British Aerospace – Military Aircraft Division, GEC Avionics and GEC Sensors, Ferranti Defence Systems, Smiths Industries Aerospace & Defence Systems and the Royal Aerospace Establishment.

Compact encoders

A range of encoders specifically designed for applications where space is limited and which may be subject to high shock, vibration or temperature has been introduced by the Industrial Components Group of Dalkeith-based Ferranti Industrial Electronics.

Briefly...

Ferranti Oldham IT&C has won approval from the Business and Technician Education Council (BTEC) to conduct courses leading to the BTEC National Certificate in Electrical and Electronic Engineering.

Ferranti Computer Systems Expert System Group has successfully run an expert systems-based airport and airline scheduler on the Texas Instruments microExplorer.

COMPUTERS

Royal command

An initial five million pound development programme to commence the upgrade of the ADAWS command and weapon control systems fitted in the Royal Navy's aircraft carriers and Type 42 destroyers is now in progress at Ferranti Computer Systems, Bracknell. Several generations of Action Data Automation Weapon Systems (ADAWS) have evolved from the first computer-based naval command system which went to sea in 1963 on board the aircraft carrier HMS Eagle. Since then, computer systems have played an increasingly important role in assisting naval command teams to interpret information from radars and sensors. These facilities which are used to direct the weapon systems are now available for all classes of the Navy's ships and submarines.

A key element of the ADAWS upgrade will be the replacement of the FM1600 computer by the Ferranti F2420, a code compatible processor which will provide a five fold increase in computing power. The F2420 incorporates an internal system memory making it faster and more flexible than the earlier generation computers.

RADAR

Real-time simulation

Ferranti Computer Systems, Cheadle Heath, has won the MoD (UK) contract to provide a Radar Simulator which is to be incorporated in the Royal Navy's Type 23 Frigate shore development facility.

The Surveillance and IFF Radar Simulator (SIRAS) will be designed and manufactured in Farnborough by the company's Training Systems Division and will be installed in the Type 23 facility at the Admiralty Research Establishment at Portsdown, Portsmouth.

The facility is designed to test the Type 23 Command and Control System. SIRAS generates a supply of representative targets as real-time outputs. These are used to stimulate the signal processing system of the frigate's primary radar system, which with its associated identification (IFF) system, is a key element of the Type 23's command system.

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COMPANIES & MARKETS
Wednesday August 31 1988

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INSIDE

German chemicals find right formula

The boom currently sweeping the European chemicals industry has produced bumper profits for the three leading West German chemical groups – BASF, Bayer and Hoechst. Profits, earnings and hopes have all risen as foreign sales have outpaced home demand, itself unexpectedly high following a domestic economic upturn. Page 19

Hong Kong cooler in the shadow

The public share offer of Hongkong Telecommunications, still scheduled for this year, is casting a shadow over the local stock market where fears of rising inflation and higher interest rates have cooled the ardour of many investors. Even the latest batch of healthy corporate profits has failed to impress. Page 35

Farmers try to save their bacon

Pig farming has become a high-tech occupation as farmers try to fight disease and increase production. Yet farmers in the UK who invest in élite stock and intense security in the hopes of high returns face grim prospects in 1989, according to the Meat and Livestock Commission. The MLC reports that increased imports from Europe are likely to continue to depress British markets for at least the first half of next year. Page 32

Peek profits soar to £2.44m

Peek, former shell company turned into an electronics and technology group by South African industrialist Kenneth Maud, announced pre-tax profits of £2.44m ($4.1m) for the first six months of 1988. Last year, before the group completed a string of acquisitions, Peek scored pre-tax profits of £669,000. The company, which has undergone an internal reorganisation, plans in future to focus on industrial automation, instrumentation, and connectors. Page 22

Bond team gears up to tackle the Swiss market

Morgan Stanley International, international arm of the US investment bank, has transferred its Swiss franc warrant and convertible bond trading team to Zurich from London as part of an effort to increase its presence in that market. The move stems from a decision made last year to move trading in certain products to their country of origin. Page 29

DIY unit goes on the block

British building supplies group Sharpe & Fisher has decided to put its do-it-yourself chain up for auction and channel the proceeds back to shareholders. Mr Charles Fisher, chief executive (left), expects these extra funds to provide sufficient resources for the planned expansion of S&F's core business. Page 22

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (Dm)

Rises			
Lufthansa	141.5	+	5.5
Kaufhof	344	+	8
Deutsche Bab.	174.8	+	3.6
Dresdner Bk.	282.2	+	5.2
Karstadt	404	+	7.5
Falls			
Feldmuehle	208	–	0.5

PARIS (Ffrs)

Rises			
Bell Equip.	285	+	12.9
[illegible] Life	117	+	7
Darty App.	285	+	9.8
Falls			
Nordon	357	–	33
Darty	484.2	–	25.8
Sors	41	–	2

NEW YORK ($)

Rises			
Gould	22¾	+	7¼
J.C. Penny	49⅞	+	1⅞
Mid. Sth Util	13⅝	+	⅜
Falls			
Am Tech Cer	3	–	1½
Auto Data Pr	35⅞	–	2⅞
Fomatica	28¾	–	⅜

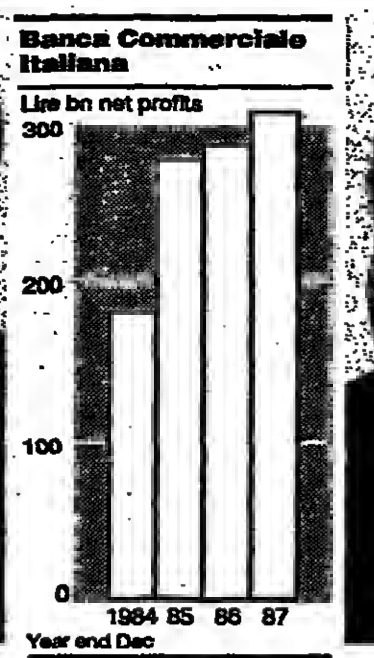
TOKYO (Yen)

Rises			
Tadano	1480	+	140
Hokuetsu Pap	1020	+	81
Furukawa Co	628	+	40
Falls			
Toshiba Eng	1010	–	70
Shibaura Eng	940	–	60
Kyowa Chem	665	–	36

LONDON (Pence)

Rises			
ASB Research	214	+	8
Sharpe Fisher	305	+	87
Falls			
Arlington Sec.	144	–	11
Assoc. News	479	–	18
Berkeley (S&W)	358	–	16
Brent Walker	347	–	23
Cater Group	352	–	15
Courtaulds	310	–	11½
Jaguar	241	–	11
Ladbroke	436	–	14
LandLeisure	335	–	23
Lucas Inds.	522	–	13
Owners Abroad	87	–	5
Rosehaugh	642	–	31
Sears	135½	–	5
Western Motor	580	–	18
Williams Hldg.	272½	–	10½

Romano Prodi



Enrico Braggiotti

New York's Irving affair lights an angry fire

John Wyles in Rome reports on Italian outrage over the failure of BCI's bid for a US bank

Although Banca Commerciale Italiana's decision this week to abandon its $840m friendly offer for New York's Irving Bank is undoubtedly a setback for the international ambitions of Italy's second-largest bank, the implications of the affair could have a much wider impact.

First, there is a European political dimension: the fact that the US Federal Reserve Board tripped up the BCI bid, by a first-ever application of the Bank Holding Act to a foreign bank, may well be regarded as evidence of a strengthening grip of protectionism on US public policy.

Commission officials in Brussels yesterday said the affair strengthened the European Community's case for insisting its trading partners grant freedoms in banking and other sectors which are reciprocal to those they enjoy within the Community.

Banking circles in Italy are outraged at what they see as discriminatory action against a national industry which has come late to internationalisation.

At the Bank of Italy, however, the concern within the central bank is tempered by other preoccupations. Governor Carlo Azeglio Ciampi and his colleagues believe that, rather than undertaking foreign adventures, Italy's major banks would be better employed by improving efficiency and structures before the arrival of foreign competition with the EC's internal market in 1992.

Moreover, they are not displeased to see the Fed defending the principle, which they want built into Italian law, of complete separation between industrial and bank ownership.

This was the obstacle erected by the Fed 12 days ago when it ruled that the state holding corporation, Istituto per la Ricostruzione Industriale (Iri), which controls just under 60 per cent of BCI, would have to apply for permission to acquire Irving. In the process, Iri would have to seek exemption from the Bank Holding Act's requirement to dispose of its hundreds of industrial companies.

After a great deal of agonising, BCI's management team, led by its chairman Enrico Braggiotti, concluded there was nowhere to go but out.

"The Fed's decision was intolerable for Iri and for BCI," said Mr Braggiotti yesterday. "We are autonomous and we cannot imagine that to buy a bank in the US we have to have an application for Iri to sustain us."

The BCI chairman said that as long as a Fed spokesman said Iri could negotiate an exemption from the Bank Holding Act, there was nothing to talk about, "since the premise of an Iri application could not exist."

It was now up to the Italian central bank and the Government to "resist the Federal Reserve and make it change its view of Iri so Italian banks can operate on an equal basis with other European banks," said Mr Braggiotti.

The BCI chairman's anger was shared by Mr Piero Barucci, president of the Italian Bankers' Association, who said the Fed was guilty of "unjustified discrimination."

For those countries arriving late to internationalisation, it is necessary to create the conditions for them to make up lost ground. The Irving affair goes in the opposite direction," he said.

Mr Braggiotti would not go into details about the impact of the failure of the Irving bid on BCI's strategy. "We have a billion dollars which can be used elsewhere," he said, conceding that the door to the US is closed for the moment.

This implies a possible acquisition or joint venture in Europe. BCI has been developing its European network by opening a representative office in Amsterdam and upgrading its Frankfurt office to branch status. It has affiliates in France and Belgium, and plans to open 10 branches in France, Germany and Spain by 1992. It also intends to strengthen its London branch and capital markets operations.

As one of Italy's four "banks of national interest" controlled by Iri – the others are Credito Italiano, Banca di Roma and Banco Santo Spirito – BCI can operate throughout the country and has announced plans to add another 300 branches to its existing 500 during the next five years.

At the end of last year, the bank's deposit base was L29,204bn ($21bn) and net assets stood at L4,127bn. Profits were flat last year after portfolio losses but registered an 8 per cent increase to L297bn after tax credits.

Italian anger and incomprehension at the Fed's handling of the BCI-Irving affair is strongly fuelled by the fact that no similar obstacle was put in BCI's way when it purchased the Long Island Trust Company (Litco) in 1982. It sold Litco last year for $317m against an initial purchase price of $116m.

"Litco was bought under the Volcker Fed. The Greenspan Fed promised exemptions from the Banking Act but these could be withdrawn by the next chairman," said one official explaining BCI's stand.

The débâcle comes at a difficult time for Mr Romano Prodi, president of Iri. He is battling for clear political decisions on reorganising the public sector to reduce overlapping activities between the three state holding companies – Iri, Eni and Efim.

But the reorganisation issue has become intensely political, as Mr Prodi and Mr Franco Reviglio, Eni president, are due to step down in little more than a year. The Socialists are attempting to minimise Mr Prodi's achievement in returning Iri to profit and have accused him of seeking to extend Christian Democrat "hegemony" over the public sector.

Philadelphia puts options on 4.30am trading start

By Stephen Fidler, Euromarkets Correspondent

THE European view that futures and options markets in the US are run by insomniacs and workaholics gained further ground yesterday when the Philadelphia Stock Exchange announced plans to start currency options trading at 4.30 in the morning.

Philadelphia may have become inured to criticism ever since W C Fields's epitaph favourably compared a visit to the City of Brotherly Love with an exit from this life, but the exchange's decision was not without its critics in Europe. "Terribly uncivilised," said one futures market official sniffily.

The move, which would bring forward by 3½ hours the opening of currency options trading, is viewed as an aggressive attempt by the exchange to secure more European business.

Customers in Europe already account for half of the currency options business on the exchange, which this year has been averaging a daily 38,000 contracts, down on last year, officials say. Trading will thus start at 9.30am London time and the new hours will coincide with the peak of market activity in Europe.

Philadelphia, which trades eight currency option contracts, became the first exchange to start evening trading in derivative currency products 10 months ago when it started a four-hour evening session at 7pm local time.

The sniffy reaction in London is not connected with concern that the aggressive Americans will be taking business away from London exchanges, since currency options volume on the London International Financial Futures Exchanges and the London Traded Options Market is light, to put it kindly. The two London exchanges are talking about combining their currency options contracts.

Indeed, the real challenge in this area of the business to the US exchanges is not Europe but the fast-growing over-the-counter business in options.

Nevertheless, there is a question about how far the US exchanges will be able to take the concept of 24-hour trading. The new hours will mean that the Philadelphia exchange will be open for 13½ hours a day, enough to drive all but a workaholic to exhaustion. Which is all bad news for the spouses of currency options traders in Philadelphia, but good news for the city's ear nose and throat specialists.

Volvo profits fall to SKr3.8bn in first six months

By Robert Taylor in Stockholm

VOLVO, the Swedish motor, energy and food group, has reported lower profits for the first half of 1988 as a result of currency factors and the effects of the three-week long nationwide strike by white-collar workers.

Group profits (after financial items) dropped to SKr3.8bn ($598m) compared with SKr4.3bn in the same period of 1987. But Volvo said yesterday that the industrial dispute in February, which cost the company around SKr1.1bn, continued to distort the overall results.

The company pointed out that in the second-quarter it produced profits after financial items of SKr2.4bn, compared with SKr2.3bn in the same period of last year.

"We have never shown better second-quarter results than these," Mr Gunnar Johansson, Volvo president said. He said the company was seeking compensation for last winter's strike from the Swedish employer's organisation SAF.

If a substantial part of those losses was met from that source later in the year it would have a positive impact on Volvo's performance for the whole of 1988.

Group sales totalled SKr45.7bn in the six months, an improvement of 3 per cent over the same period of 1987.

There was only a 1 per cent rise in car sales, which totalled SKr10.5bn, but because of the strike Volvo delivered 6 per cent fewer cars compared with the first six months of 1987.

Its share of the rising west European and American car markets fell as a consequence.

The trucks market continues to provide Volvo with substantial sales. The company recorded a 25 per cent increase in the half year, its best performance yet. Demand was especially strong for Volvo's trucks in Western Europe, Brazil and the US.

The 79 per cent improvement in sales in the bus group was due to the purchase of Leyland Bus earlier in the year. Sales in the first half totalled SKr1.6bn.

The food sector showed a 10 per cent improvement in sales to SKr5.2bn, while there was also a 10 per cent increase in sales in Volvo's marine and industrial motor group to SKr1.3bn.

However, the trading sector continued to be difficult for the company, mainly due to the fall in revenues from oil trading. Turnover for the six months fell 32 per cent to SKr4.7bn.

A pragmatic president, Page 19

Hoesch expects to show marked increase

By Andrew Fisher in Frankfurt

HOESCH, the West German steel and engineering company, expects its profits to show a marked increase this year after a strong performance in the first half.

Sales increased by 14 per cent to DM4bn ($2.1bn).

Benefiting from the upturn in the German economy, Hoesch experienced a 13.5 per cent increase in new orders during the period to DM5.6bn.

The total order backlog was up by 19 per cent to DM2.7bn.

The workforce, however, declined by 1,000 to 32,200 people, partly due to cuts in the steel sector.

Hoesch said all of its activities showed better results.

Rolled steel production and sales were much higher than in the previous year, with the manufacturing and industrial technology division helped by the improved climate in mechanical engineering and the continued high level of automobile output.

Hoesch said its trading companies raised turnover considerably as a result of lively domestic demand. Exports were also higher.

Strong demand for control and communications systems also gave a lift to the automation and system technology division, its newest activity.

Hoesch gave no profit figures for the first half, but said its financial position continued to develop favourably.

With higher cash flow, it was able to reduce net borrowings by DM300m as well as finance rising investments which more than doubled in the first half to DM211m.

In 1987, group pre-tax profit rose to DM191m from DM145m, but fell sharply after provisions for restructuring costs to DM49m from DM271m.

Dublin opens inquiry into hostile I£253m bid for Irish Distillers

By Lisa Wood in London

THE HOSTILE bid by Grand Metropolitan, UK food and drinks group, for Irish Distillers, whiskey manufacturer, has been referred to the Irish Fair Trade Commission – the equivalent of the Monopolies and Mergers Commission in the UK.

Mr Albert Reynolds, Irish Minister for Industry and Commerce, has not given a deadline for the investigation but has asked it be conducted as quickly as possible. The I£253m ($361m) bid, under Irish takeover rules, will not lapse because of the referral.

Mr Reynolds, speaking on RTE, the Irish broadcasting corporation, said that although GrandMet had obtained the approval of the Takeover Panel in London to make the bid, it was his decision whether or not the offer would proceed.

He expressed concern that there was no Irish representation on the Takeover Panel when Irish bids were considered and added he was investigating several options, including the possible establishment of a takeover panel in Ireland.

Mr Reynolds said there was no Irish equivalent of the Takeover Panel because the Dublin Stock Exchange was part of the London Stock Exchange.

The Panel allowed GrandMet to bid although the company had earlier been part of a consortium offer for Irish Distillers which was broken up by the European Commission on competition grounds. The Irish company argued that under the UK takeover code GrandMet should have been barred from bidding for 12 months.

The Irish Trade and Industry Department said Mr Reynolds was not so much concerned at the decision of the Takeover Panel as determined to uphold the principle that takeovers and mergers involving Irish companies should be looked at in an Irish context.

Yesterday's referral to the Fair Trade Commission was not unexpected. GrandMet, which bought about 150,000 shares yesterday to take its stake in Irish Distillers to 6½ per cent, said the move was "quite normal practice."

GrandMet, which has bid I£4.0 per share, is operating under a shortened bid timetable at the instruction of the Takeover Panel.

The UK drinks company yesterday sent a letter to Irish Distillers' shareholders in which it claimed the company's domestic sales of whiskeys produced in the Republic had fallen by 3.7 per cent in the seven months to April 1988 while branded exports from the Republic had fallen by 17.8 per cent in the same period. Irish Distillers, which produces its brands in the Republic and Northern Ireland, is expected to respond to the claims today.

Pernod-Ricard, French drinks company which held talks with the Irish group last week, has yet to show its hand.

Pernod-Ricard is the largest distiller on the Continent and its Ricard brand is the third-largest international spirit brand. Its leading brown spirit is Wild Turkey, a bourbon whisky. The French group does not distribute any of the Irish Distillers brands.

After initially appearing to rule itself out of the battle, Pernod-Ricard announced last that it had an stake in Irish Distillers and would announce its intentions this week.

However, Grand Met retorted that Irish Distillers had been allowing considerable confusion and uncertainty to develop.

It called on the company to explain whether it was discussing a general offer with either Pernod-Ricard or other parties, or alternatively, some form of arrangement which might prevent shareholders from obtaining the benefit of a full offer.

A 20 per cent stake in Irish Distillers is held by FII Fyffes, Irish foods business, which was initially pledged to the consortium bid but became uncommitted when the original bid was blocked by the EC.

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INTERNATIONAL COMPANIES AND FINANCE

A time to celebrate for German chemicals groups

Profits are surging but share prices remain earthbound. Haig Simonian in Frankfurt reports

BASF, one of Germany's big three chemicals conglomerates, has two years to wait before it can celebrate its 125th birthday, while Hoechst and Bayer, both two years its senior, have popped the champagne corks this year.

However, the chairmen of all three groups have ample reason to be pleased. After the sharply higher interim results reported this month, 1988 promises to be a bumper year.

Half-time group profits at Hoechst soared by 30 per cent to DM1.94bn ($1.05bn), while they rose by 20 per cent to DM1.86bn at Bayer and 18 per cent to DM1.71bn at BASF. Sales have told a similarly bullish story. Hoechst, boosted by last year's purchase of Celanese in the US, increased group turnover by 11 per cent to DM20bn. Bayer managed a 6 per cent rise to just over DM20bn, while BASF was a neck ahead, with group sales 6 per cent up at DM21.6bn.

All three companies have benefited from the boom currently sweeping the European chemicals industry, notably in plastics. All Bayer reported a lively upturn in business, with appreciable growth in the first quarter accelerating into the second, thanks to buoyant European economic growth, notably in the construction and motor industries.

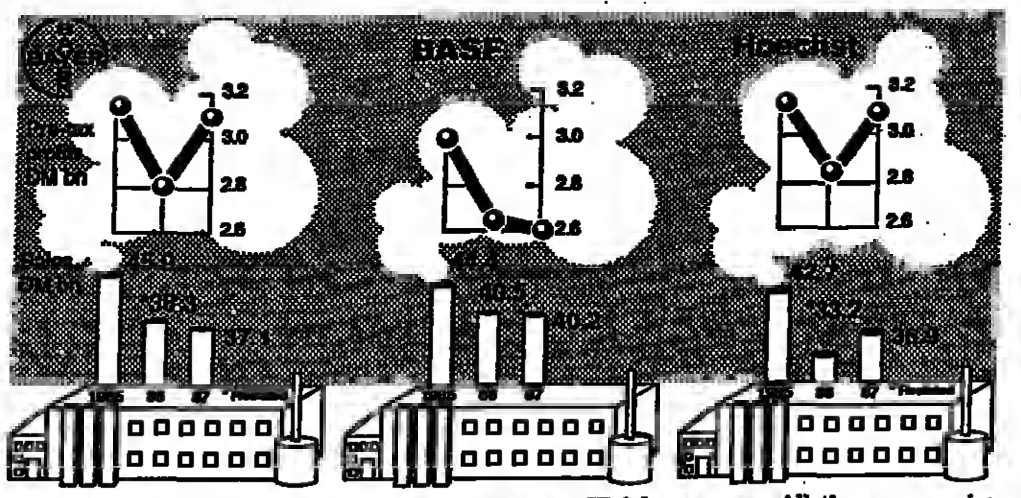
Comparisons with other European chemicals groups are difficult, as not all report half-year earnings. But the general rate of profits growth in Germany easily outstrips the 13 per cent rise at Britain's ICI and is ahead of the 18 per cent recorded by Akzo of the Netherlands.

The buoyant trend is likely to continue for the rest of this year. Bayer forecast that 1988 earnings and sales would top those for last year, when it made DM3.07bn before tax on sales of DM37bn. Hoechst also predicted a higher outcome for 1988, adding that its half-time figures had "clearly exceeded" its own expectations. More soberly, BASF remarked "there is no sign at present of any impairment to the good business conditions".

The big three were silent when it came to their dividends for the year, but many analysts think increases are inevitable. All three groups paid DM10 a share last year, although Bayer and Hoechst added a DM1 bonus to celebrate their anniversaries. Hoechst has already hinted that the extra payment may be consolidated this year. Even without the tax bonus for domestic shareholders, the dividend yield is better than at most European counterparts.

Mr Kiran Bhojani, chemicals analyst at the Bank of Liechtenstein in Frankfurt, thinks Bayer and Hoechst will raise their dividends to DM12 this year, while BASF will go up DM1 to DM11.

Whatever the dividend prospects, the business outlook remains good. Currency concerns, and especially the strong D-Mark, which has so plagued German producers in the past, have been put aside this year – temporarily at least. Foreign sales have tended to grow even faster than those at home, although the unexpected upturn in the



German domestic economy this year meant domestic demand for chemicals has hardly been sluggish.

Indeed, currency factors are probably playing a positive role now. The new-found strength of the dollar and weaker D-Mark against some European currencies has helped to stop the erosion in German competitiveness. Moreover, it has boosted the D-Mark value of the companies' dollar earnings, which can account for around 20 per cent of group turnover.

Hence the feeling among analysts that Hoechst is now the best-placed of the big three. Buying Celanese may have looked expensive to some, but the decision is already proving its worth. There is now a "tremendous synergy" between the two groups, according to one analyst. "As long as the US economy is doing well, so is Celanese," adds Mr Ulrich Krause-Heiber, an analyst at Westdeutsche Landesbank in Duesseldorf.

Yet, despite the bullish results and outlook, the share prices of the big three chemicals groups have remained distinctly earthbound. Hoechst closed at DM282.20 in Frankfurt yesterday, compared with DM250 at the end of last year and a 1988 low of DM227.60. Bayer closed at DM291, against an end-1987 level of DM263.80 and a 1988 low of DM237.10, and BASF was DM261, compared with DM255.50 at end-1987 and a 1988 low of DM223m.

Why are investors not showing greater enthusiasm for German chemicals stocks? True, the companies face some difficulties, but none of these amount to substantial dangers.

If anything, one of the biggest problems may be that of success. All three companies spoke of rising capacity utilisation, although BASF was alone in warning of delivery bottlenecks as plants start to hit their production ceilings.

Agricultural products remain a problem throughout the industry – although matters appear to have improved somewhat. And BASF also raised the potential danger to German competitiveness in fertiliser production should the Government put through its plan to tax natural gas.

There are also some individual weak points. Wintershall, BASF's oil and gas subsidiary, remains in the red after reporting a DM38m net loss last year. However, the company is on the mend, and the scale of losses has been reduced, thanks partly to a two-year restructuring plan, says BASF.

Magnetic tapes are also a problem for BASF, because of fierce competition in the market, while acrylic fibres have caused some problems at Bayer. Meanwhile, Hoechst has faced stiff legal opposition from local residents to its cell-technology plans.

Yet such factors are pretty small beer when seen against the groups' overall business. Rather, the problem appears to be one of investors' perceptions. "I just don't understand it", says Mr Bhojani. "On the basic fundamentals, the chemicals companies look good."

Mrs Penny Tattersall, of Barclays de Zoete Wedd in London, also expresses surprise at the lack of movement, but points out that many investors are already talking about a possible downturn. European economic growth may not be quite as strong next year, meaning profits may slacken, but she argues that talk of a major setback for the industry is exaggerated.

One problem is that Germany's chemicals conglomerates are a classic defensive stock, with a solid dividends performance. "Everyone has them," says Mr Bhojani, and some institutional investors are therefore reluctant to increase their portfolios. The size and liquidity of the market in the stocks also tends to prevent big rises.

Continuing ripples from the crash are also partly to blame. Germany's big three chemicals concerns may be heading for record earnings, but many international investors still prefer to keep their money in cash. And when they do invest in shares, Germany is not always the first place they go.

JC Penney workers offered share stake

By Anatole Kaletsky in New York

J.C. PENNEY, the third-largest US general retailing group, yesterday announced the creation of a leveraged employee stock ownership plan, or Esop, which will put about 9 per cent of the Dallas-based company's stock into the hands of its workers.

The Esop will borrow $700m to acquire a new issue of convertible preferred stock, bearing a dividend of 7.9 per cent. The stock will be convertible into 11.8m Penney common shares at a price of $59 a share. Penney will use the proceeds of the new preferred stock issue to buy back in the market about 15m of its common shares, equivalent to a stake of 11 per cent. Penney's shares traded yesterday lunchtime at $46⅝, up $⅝.

Penney will pay the interest on the Esop's borrowing, enabling its employees to acquire a substantial stake in their company at no direct cost to themselves. The company's Esop interest payments will replace a series of profit-sharing and savings plans which Penney currently provides as a benefit for its employees. Penney said that its annual contribution to these savings plans came to $50m in 1987.

The company did not say whether these contributions would have to be increased to fund the new Esop. But because Esops enjoy significant tax concessions on their borrowing, it appeared likely that Penney could service the $700m debts of the new plan without any significant increase in the cost of employee savings benefits.

US Shoe slips into the red at halfway mark

By Roderick Oram in New York

US SHOE, the specialty clothing and footwear businesses which is considering breaking itself up, has reported a loss in line with its usual seasonal pattern of weak second quarters.

The deficit for the three mouths ended July 30 was $9.4m after a $3.1m charge, mainly for closing six stores. A year earlier it earned net profits of $5.5m, or 12 cents a share, after a gain of $7.3m, mainly from the sale of operations. Revenues were $544.4m against $511.1m.

The first-half net loss was $6.3m, compared with a net profit from continuing operations of $13.5m, or 30 cents a share. A $16m gain from an accounting change made the final net $29.6m, or 66 cents. Sales were $1.07bn against $1.02bn last time.

The group said its operating losses increased in specialty retailing, mainly because of the industry-wide trend of poor sales for women's clothing. Operating earnings for footwear manufacturing and retailing rose 17 per cent on a 10 per cent growth in sales.

It was cautious about second-half prospects for women's clothing, but inventories of spring merchandise were low, so its stores will be able to offer a "strong presentation" of autumn fashions. It expects brisk footwear sales.

US Shoe, which has long been seen as an attractive takeover target, announced two weeks ago that it was studying the sale of all or parts of its operations to enhance shareholder value.

Alcan in union agreement

ALCAN ALUMINIUM has reached a two-year contract agreement with the Canadian Association of Smelter and Allied Workers, avoiding a shutdown of its smelter at Kitimat in northern British Columbia, writes Robert Gibbens in Montreal.

Management has kept the smelter operating since last Thursday when the night shift walked out to protest slow progress in negotiations.

Alcan has 1,600 unionised workers at Kitimat and the ratification vote will be held today and tomorrow.

Air Canada back in the black in second quarter

By Robert Gibbens in Montreal

AIR CANADA, the national airline now being privatised, reports second-quarter earnings of C$37.1m (US$29.9m), after a first-quarter lose of C$29.1m. Earnings in the second quarter of 1987 were C$37m. The first-quarter loss was blamed on the high cost of regaining market share after a strike late in 1987 and intense pricing competition.

Second-quarter operating revenues were C$883m, up C$60m from a year earlier, and net operating expenses ware C$851m, up C$86m.

First-half net earnings were C$8m, down from C$53m a year earlier. Passenger load factor was 71.8 per cent, up from 70.5 per cent a year earlier, reflecting an increase of 6.6 per cent in domestic revenue passenger miles.

Air Canada expects to raise C$300m through a public stock issue next month. This will reduce the Government's holding to 55 per cent.

Dennis quits futures markets for politics

By Deborah Hargreaves in Chicago

MR RICHARD DENNIS, one of Chicago's largest individual futures speculators, said he would leave the business this week in a move that shocked fellow commodity traders.

The reclusive Mr Dennis has become a legend in Chicago futures circles, amassing a personal fortune of some $200m in his 18 years of trading an array of commodity futures.

For the last 10 years, he has traded blocks of contracts from a bank of computers some 40 floors above the trading floor at the Chicago Board of Trade.

But rumours of his action in a market have been enough to affect traders' sentiment, as was seen by the excitement this summer, when he bought thousands of soyabean futures contracts.

Mr Dennis has said he will close his accounts immediately and sell his exchange memberships. Two public funds he launched in 1986 have already been wound up, after losing more than half of their value.

Mr Dennis' managed funds had incurred substantial losses in last October's stock market crash. His attempt to recoup part of that loss in this summer's booming grain markets backfired when he was caught out in the futures' extreme volatility.

The 39-year-old trader insists his departure from the business has nothing to do with losses on his public funds. In recent years, he has devoted more of his time to his passionate interest in liberal Democratic politics and is now planning to pursue that interest full-time.

Mr Dennis, who borrowed money from his father to launch his commodity trading career, has made substantial contributions to the Democratic party and recently worked as co-chairman for Mr Bruce Babbitt's presidential campaign.

With his interest in philosophy – particularly the works of John Stuart Mill – and his Democratic politics, Mr Dennis has shunned many of the showier aspects of a successful trader's lifestyle, preferring to donate his wealth to liberal causes.

This announcement appears as a matter of record only.

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NOTICE OF REDEMPTION

KUMAGAI GUMI CO., LTD.

U.S. $30,000,000 6½% Convertible Bonds 1997 (the "Bonds")

NOTICE IS HEREBY GIVEN that, pursuant to Condition 6(C) of the Bonds, Kumagai Gumi Co., Ltd., (the "Company") has elected to exercise its right to, and shall, redeem on 30th September 1988, all of the outstanding Bonds at a Redemption Price of 102.5% of their principal amount together with accrued interest to such date of redemptioo.

Payment of the redemption price will be made on and after surrender of the Bonds, together with all coupons appertaining thereto maturing oo or after 30th September 1988, at any of the following Paying Agents:

Daiwa Europe Limited
5 King William Street, London EC4N 7AX
The Sumitomo Bank, Limited, London Branch
Temple Court, 11 Queen Victoria Street, London EC4N 4TA
Banque Nationale de Paris
16 Boulevard des Italiens, 75009 Paris
Morgan Guaranty Trust Company of New York
Avenue des Arts 35, 1040 Brussels
The Sumitomo Bank, Limited, Hong Kong Branch
15 Queen'e Road, Central, Hong Kong
The Tokai Bank, Limited
Bockenheimer Landstrasse 51-53, 6000 Frankfurt/Main 17
Banque Ioternationale à Luxembourg S.A.,
2 Boulevard Royal, Luxembourg

From and after 30th September 1988, interest on the Bonds will cease to accrue.

The aggregate principal amount of Bonds outstanding as of 4th August 1988 was U.S. $50,000. Prior to 30th September 1988, the Bonds may be converted into shares of Common Stock of the Company at the conversioo price (with Bonds taken at their principal amount translated into Japanese Yen at the rate of ¥ 264.85 equals U.S. $1) of ¥ 326.70 per share of Commoo Stock. Each Bondholder who wishes to convert his Bonds should deposit his Bonds, together with all unmatured coupons, with any of the Conversion Agents being the same as the Paying Agents specified above, accompanied by a notice of conversion (the form of which notice is available from any of the Conversion Agents). SUCH CONVERSION RIGHTS WILL TERMINATE AS TO ALL BONDS AT THE CLOSE OF BUSINESS ON 30th SEPTEMBER 1988.

For the information of the Bondholders, the reported closing price of the Commoo Stock of the Company on the Tokyo Stock Exchange on August 22, 1988 was ¥ 928. The selling price for U.S. Dollars of telegraphic transfer against the Yen vis-a-vis customers quoted by a leading authorized foreign exchange bank in Tokyo on August 22, 1988 was U.S. $1 equals ¥ 134.90.

The Industrial Bank of Japan Trust Company
on behalf of
KUMAGAI GUMI CO., LTD.

Dated: 31st August, 1988

NOTICE OF REDEMPTION

KUMAGAI GUMI CO., LTD.

U.S. $80,000,000 3¼% Convertible Bonds 2000 (the "Bonds")

NOTICE IS HEREBY GIVEN that, pursuant to Condition 6(B) of the Bonds, Kumagai Gumi Co., Ltd., (the "Company") has elected to exercise its right to, and shall, redeem on 30th September 1988, all of the outstanding Bonds at a Redemption Price of 104% of their principal amount together with accrued interest to such date of redemption.

Payment of the redemption price will be made on and after surrender of the Bonds, together with all coupons appertaining thereto maturing on or after 30th September 1988, at any of the following Paying Agents:

Daiwa Europe Limited
5 King William Street, London EC4N 7AX
The Sumitomo Bank, Limited, London Branch
Temple Court, 11 Queen Victoria Street, London EC4N 4TA
Banque Nationale de Paris
16 Boulevard des Italiens, 75009 Paris
Morgan Guaranty Trust Company of New York
Avenue des Arts 35, 1040 Brussels
The Sumitomo Bank, Limited, Hong Kong Branch
15 Queen's Road, Central, Hong Kong
The Tokai Bank, Limited
Bockenheimer Landstrasse 51-53, 6000 Frankfurt/Main 17
Banque Internationale à Luxembourg S.A.,
2 Boulevard Royal, Luxembourg

From and after 30th September 1988, interest on the Bonds will cease to accrue.

The aggregate principal amount of Bonds outstanding as of 4th August 1988 was U.S. $1,935,000. Prior to 30th September 1988, the Bonds may be converted into shares of Common Stock of the Company at the conversion price (with Bonds taken at their principal amount translated into Japanese Yen at the rate of ¥ 260.75 equals U.S. $1) of ¥ 490.30 per share of Common Stock. Each Bondholder who wishes to convert his Bonds should deposit his Bonds, together with all unmatured coupons, with any of the Conversion Agents being the same as the Paying Agents specified above, accompanied by a notice of conversion (the form of which notice is available from any of the Conversion Agents). SUCH CONVERSION RIGHTS WILL TERMINATE AS TO ALL BONDS AT THE CLOSE OF BUSINESS ON 30th SEPTEMBER 1988.

For the information of the Bondholders, the reported closing price of the Common Stock of the Company on the Tokyo Stock Exchange on August 22, 1988 was ¥ 928. The selling price for U.S. Dollars of telegraphic transfer against the Yen vis-a-vis customers quoted by a leading authorized foreign exchange bank in Tokyo on August 22, 1988 was U.S. $1 equals ¥ 134.90.

The Industrial Bank of Japan Trust Company
on behalf of
KUMAGAI GUMI CO., LTD.

Dated: 31st August, 1988

SANYO ELECTRIC CO., LTD.

Curaçao Depositary Receipts

The undersigned, acting as duly authorized Agent of Carneth Administration Company B.V., announces that the coupons no. 7 and no. 8 of the outstanding

CDRs of 20 dep. shares of 50 ord. shares nos. 3393/500 B
CDRs of 100 dep. shares of 50 ord. shares nos. 1671/95 C

are cancelled and have to be considered as worthless.

The final dividend for the fiscal term ending 30th November, 1988 will be payable on the coupon no. 9 in due course.

Amsterdam, 24th August, 1988. — BANK MEES & HOPE NV

COMMERZBANK OVERSEAS FINANCE N.V.

U.S.$ 100,000,000
Floating Rate Notes Due 1989

In accordance with the provisions of the Notes notice is hereby given that for the three months period from August 31, 1988 to November 30, 1988 the Notes will carry an interest rate of 8¾% per annum with a coupon amount of U.S.$ 221.18.

Frankfurt/Main, August 1988

COMMERZBANK
AKTIENGESELLSCHAFT

INTERNATIONAL COMPANIES AND FINANCE

Volvo waves the free-trade flag

Robert Taylor interviews the Swedish group's pragmatic president


Gunnar Johansson: not going to be a good boy scout

Volvo has never been stronger than it is today, says a confident Mr Gunnar Johansson, president of Volvo since last year. In his office in the company's elegant new headquarters on a hill just outside Gothenburg, he says: "Our structure is the reason for this plus the product lines."

Sixty-year-old Mr Johansson has had a lifetime at Volvo, joining the company in 1955 as a production engineer in the company's Gothenburg transmission plant and making his way up mainly through the aerospace division. In his down to earth, pragmatic way, ba makes an admirable complement to tha dynamic and visionary chairman, Mr Pehr Gyllenhammar.

It is Mr Johansson who is in charge of the day-to-day running of the company and he likes to see himself as the man responsible for matching the dreams with realities in Volvo. "It is alright for a professor in a laboratory to invent a new product but with our large scale of operations, we have to be damned sure before we invest in new techniques and products, otherwise it will hurt the company's profits and people could lose their jobs."

The renewed pressure in Sweden about environmental pollution has made Volvo a prime target for opposition from the Swedish Green Party in the run-up to next month's general election.

The Greens are critical of car emissions but Johansson is not prepared to see his company make sacrifices to appease that particular lobby if they threaten to damage Volvo's prospects.

With over 80 per cent of its cars and trucks built in Sweden for export in a tough, competitive world market, the company can ill afford to find itself handicapped by impossible restrictions on its production methods. "It might be better to shut down completely than submit to tham," says Mr Johansson.

But he adds: "We do our best to minimise pollution. We want to be good citizens. We wish to see people putting their trust in us but they must be more patient."

Volvo has no wish to scale down its operations in Sweden, despite the company's growing sense of alarm about the consequences of the movement to the free internal market in the European Community by 1992. Indeed, it is trying to protect its home market. The company has sought, along with Saab-Scania this summer, to secure restrictions by the Swedish Government on Japanese car imports into Sweden.

"We have to be in favour of free trade and we always have been but we cannot accept that the rules are not the same for everybody," argues Mr Johansson. "Wa are not going to be good boy scouts and accept everything if the rest of the world is not doing so."

He knows Japan well, being involved in joint venture discussions there 16 years ago. "I respect their car manufacturers. Their cars are excellent, at least in their first years of service," he says. However, for the past year and a half he has being going back and forth to Tokyo to try and convince the Japanese to practise fair trade.

Volvo has high hopes of expanding in the Japanese market through a distribution agreement with Fuji which will give the company the vital dealer and servicing network it needs. By 1993 Volvo is aiming to sell 25,000 cars there.

Mr Johansson admits the American car market is tough for Volvo at the moment, particularly with the weak dollar. "We have tried to raise our prices in the US but as others have found, there is consumer resistance to such a strategy," be says. "We are, however, going to protect our American market. We are staying in there and we will take action."

The Volvo president is cautious about what that might entail and adds: "We are not planning an assembly plant at the moment. Volvo intends to consolidate but that does not mean that we will stand still. We will expand in the areas where we are already. There will be more joint ventures, partnerships and other different waya of expanding the business."

He cites the recent deal with SAS on their civil aircraft engina overhaul operations and the agreement with General Motors in heavy trucks as examples of Volvo's thinking.

The trucks division of the company has been a real success story in recent years and it looks like going on being so in the immediate future. Mr Johansson also believes the food side of the company is also in a "pretty good condition."

The only problem area appears to be in oil trading. "We have to look at that very carefully," he admits. "The last two years have been very difficult."

But as a veteran Volvo man, he remains convinced that the company's divisional gronp structure is the most flexible and effective for continuing growth. "We don't just have to depend on one single unit."

Certainly the company has come a long way since Mr Johansson's early days. "I remember in 1956 when I was working in tha transmission plant. Wa were making gear boxes bnt the cash problem was so serious we were not allowed to buy even a gallon of paint to paint them. They had to go down to the banks every Friday to ask for an extension of borrowing facilities for the next week."

Looking down from his eyrie in the air-conditioned, tastefully furnished headquarters over a landscape that encapsulates what has become known as Volvo city, it is easy to understand Mr Johansson's bouncy self-confidence when he contrasts the company today with the difficult days of 30 years ago.

Banco Hispano to buy bank

By Tom Burns in Madrid

BANCO Hispano Americano, the Spanish bank that opted to stay independent when rival domestic institutions merged earlier this year, has underlined its own separate growth strategy with the acquisition of 75 per cent of Continental Bank, the Belgian subsidiary of Continental Illinois National Bank of Chicago.

Financial details of the deal were not released but Hispano Americano said it had agreed to inject BFr1.5bn ($38.5m) into Hispano Americano Benelux when the deal is formally signed in November. The Spanish bank's new property consists of a branch in Brussels and Antwerp and an equity capital of BFr1bn.

The broader prospects of Hispano Americano's move into Belgium appeared, however, to be contained in an additional protocol agreement with Bacob, the Belgian savings bank which is buying the outstanding 25 per cent of Continental Bank.

The agreement outlined close co-operation between the two institutions. Bacob is Belgium's second largest savings bank and has more than 1,000 branches.

Hispano Americano, one of the leading Spanish private banks, was the outsider in a rush of domestic banking mergers at the start of this year that brought together its rivals Banco Central and Banesto as well as the basque banks, Banco de Bilbao and Banco Vizcaya.

Mr Claudio Boada, Hispano Americano's chairman, said at the height of the merger deals that his policy would be to seek agreements with European institutions.

KIO paper unit ahead 18% in half

By Our Madrid Correspondent

TORRAS HOSTENCH, the Spanish paper group controlled by the Kuwait Investment Office (KIO), reports an 18 per cent increase in first-half profits and looks set for strong gains overall in 1988.

The company, which has recently been at the centre of a number of protracted merger battles, also announced a big jump in net worth which, in the eyes of many local bankers and analysts, suggests more market raids are in the offing.

Profits for the six months rose from Pta3.9bn to Pta4.6bn ($37.5m) following an improvement in turnover from Pta13.5bn to Pta14.1bn. Capital and reserves at the end of June stood at Pta83.4bn against Pta10.6bn 12 months earlier.

Torras came under the control of Kuwaiti interests in 1986 and was subsequently built up into the KIO's chief investment arm in Spain.

In the first half of this year, Torras has acquired Ebro, Spain's leading sugar producer, and has also consolidated its control over Explosivos Rio Tinto (ERT), the leading chemical conglomerate. Part of ERT is to be merged later this year with Cross, the fertiliser group which was acquired by Torras last year and which was the vehicle used by KIO to buy control of ERT.

The increase in group net worth at the and of Juna largely reflects the ERT deal which absorbed virtually all group 1987 profits.

VNU surges in first half

By Our Financial Staff

VNU, the largest Dutch publishing group, reports strong first-half profit gains and expects an equally impressive performance for 1988 as a whole.

For the first six months, turnover moved ahead from Fl 859m to Fl 1.1bn ($555m). After-tax profits jumped to Fl 66.8m from Fl 469m in the first half of 1987.

VNU said for the full year, net profit and profit per share were expected to rise in line with the percentage increases for the opening six months.

The company said its newspapers showed a substantial profit rise and noted the first-half figures were boosted by the takeover in February of the Dutch Audet group of regional newspapers.

Operating profits for the half-year rose to Fl 102.9m from Fl 69.6m.

DFDS reports turnround

DFDS, the Danish shipping and transport group, yesterday announced its first interim profit since 1981 with pre-tax earnings of DKr13m ($1.8m) on a turnover of DKr1.85bn, writes Hilary Barnes from Copenhagen.

Last year, the group made a first-half loss of DKr55m, but DFDS achieved a net profit of DKr70m for 1987 as a whole.

Mr Niels Bach, the chief executive, said the group's land transport division had this year done better than expected, while the group's 44 passenger and freight vessels also made progress.

Istanbul venture for Dresdner

By Haig Simonian in Frankfurt

DRESDNER BANK, West Germany's second largest bank, is buying a 30 per cent stake in BNP-Ak Bankasi, a joint venture bank in Turkey between Banque Nationale de Paris and Akbank, a leading Turkish banking group, which own 49 per cent and 51 per cent stakes respectively.

The bank, based in Istanbul, will be renamed BNP-Ak-Dresdner, with Akbank owning 40 per cent and BNP and Dresdner Bank 30 per cent stakes respectively.

The Turkish bank, which employees about 40 people, has concentrated on trade finance since being founded in 1985. It now plans to double its capital to TL20bn ($13m) following Dresdner Bank's participation.

The transaction will make Dresdner Bank the first German financial institution with a stake in a Turkish bank. Last October, Commerzbank expanded its Turkish coverage with the opening of a representative office in Istanbul, while Deutsche Bank already has a representative office in the city.

Some 100 German companies operate in Turkay either through subsidiaries or joint ventures.

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NOTICE OF EARLY REDEMPTION

On behalf of the Issuer, S.G. Warburg & Co. Ltd. hereby gives notice to holders of the above-mentioned Bonds of the Issuer's election to redeem the outstanding US$1,350,000 nominal Bonds on 30th September, 1988 at par, in accordance with Condition 7(1) of the Bonds.

Consequently on 30th September, 1988 there will become due and payable upon each outstanding Bond the principal amount thereof, together with accrued interest to said date, at the office of the Principal Paying Agent:–

S.G. Warburg & Co. Ltd.
Paying Agency, 6th Floor,
1 Finsbury Avenue,
London EC2M 2PA

or at the office of one of the other paying agents named on the Bonds.

Accrued interest will be calculated on 105 days and will amount to US$16.04. Interest will cease to accrue on the outstanding US$1,350,000 nominal Bonds on 30th September, 1988 and these Bonds and Coupons will become void unless presented for payment within a period of six years from that date.

A number of Bonds drawn for redemption on 15th December, 1987 have not yet been presented for payment.

These Bonds should be presented for redemption or payment together with all unmatured Coupons, failing which the amount of the missing unmatured Coupons will be deducted from the sum due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupons. These Bonds and matured Coupons will become void unless presented for payment within a period of six years from 15th December, 1987.

31st August, 1988

Copies of our interim report (first half year 1988) are available from

Morgan Grenfell & Co. Limited, 23 Great Winchester Street, London EC2P-2AX

S.G. Warburg & Co. Ltd., 33 King William Street, London EC 4R 9AS

BASF Aktiengesellschaft, D-6700 Ludwigshafen — BASF

To the Holders of **A. F. L. Atlantic Financial International N.V.** Secured Adjustable Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the interest period beginning August 31, 1988 and ending November 29, 1988, the Notes will carry an interest rate of 9.03125% per annum. Interest payable per $50,000 principal amount for this interest period is $1,122.74.

A. F. L. Atlantic Financial International N.V. By: Paribas Corporation

Date: August 25, 1988

MOBILE COMMUNICATIONS

The Financial Times proposes to publish this survey on: 12th September 1988

For a full editorial synopsis and advertisement details, please contact: Stephen Dexter-Johnson on 01-248 8000 ext 4148

Or write to him at: Bracken House 10 Cannon Street London EC4P 4BY

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

CITICORP U.S. $350,000,000 Subordinated Floating Rate Notes Due November 27, 2035

Notice is hereby given that the Rate of Interest has been fixed at 8.475% in respect of the Original Notes and 8.5625% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date September 30, 1988 against Coupon No. 34 in respect of US$10,000 nominal of the Notes will be US$70.63 in respect of the Original Notes and US$71.35 in respect of the Enhancement Notes.

August 31, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

U.S. $300,000,000 **Woodside Financial Services Ltd.** (Incorporated in the State of Victoria)

Guaranteed Floating Rate Notes due February 1997

Unconditionally Guaranteed by **The Industrial Bank of Japan, Ltd.**

In accordance with the Terms and Conditions of the Notes, notice is hereby given, that for the Interest Period from August 31, 1988 to November 30, 1988 the Notes will carry an Interest Rate of 8 13/16% per annum. The amount payable on November 30, 1988 will be U.S. $5,569.01 and U.S. $222.76 respectively for Notes in denominations of U.S. $250,000 and U.S. $10,000.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

August 31, 1988 CHASE

U.S. $500,000,000 **The Republic of Italy** Floating Rate Notes due 2005

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from August 31, 1988 to September 30, 1988, the Notes will carry an interest rate of 8¼% per annum. The interest payable on the relevant interest payment date, September 30, 1988, will be U.S. $70.31 per U.S. $10,000 nominal amount in Bearer (Coupon No. 37) or Registered form and U.S. $1,757.81 per U.S. $250,000 denomination in Bearer form (Coupon No. 37).

By: The Chase Manhattan Bank, N.A. London, Agent Bank August 31, 1988 CHASE

Can. $75,000,000 **Province of New Brunswick** Floating Rate Notes due May 1994

Notice is hereby given that in respect of the Interest Period from August 31, 1988 to November 30, 1988, the Notes will carry an Interest Rate of 10⅛% per annum. The amounts payable on November 30, 1988, against Coupon No. 18 will be Can. $253.84 for Bearer Notes of Can. $10,000 principal amount and Can. $25.38 for Bearer Notes of Can. $1,000 principal amount. Can. $25.38 will be payable on each Can. $1,000 principal amount of a Registered Note.

By: The Chase Manhattan Bank, N.A. London, Agent Bank August 31, 1988 CHASE

U.S. $250,000,000 **Canadian Imperial Bank of Commerce** (A Canadian Chartered Bank)

Floating Rate Deposit Notes due 2005

In accordance with the provisions of the Notes, notice is hereby given, that for the Interest Period from March 28, 1988 to September 28, 1988 the rate for the final Interest Sub-period from August 31, 1988 to September 28, 1988 has been determined at 9¼% per annum, and therefore the amount of interest payable against Coupon No. 7 on the relevant interest payment date September 28, 1988 will be U.S. $406.50.

By: The Chase Manhattan Bank, N.A. London, Agent Bank August 31, 1988 CHASE

U.S. $200,000,000 **Bergen Bank A/S** Perpetual Floating Rate Notes (with the right to subordinate)

In accordance with the provisions of the Notes, notice is hereby given that for the six months Interest Period from August 31, 1988 to February 28, 1989, the Notes will carry an Interest Rate of 9¼%. The interest payable on the relevant interest payment date, February 28, 1989 will be U.S. $465.07 per U.S. $10,000 principal amount of Notes.

By: The Chase Manhattan Bank, N.A. London, Agent Bank August 31, 1988 CHASE

CITY FEDERAL SAVINGS BANK U.S.$75,000,000 Collateralized Floating Rate Notes due 1993

Interest rate [illegible] p.a. Interest Period August 31, 1988 to November 30, 1988 Interest Payable per U.S.$25,000 Note U.S.$[illegible]

August 31, 1988, London By Citibank, N.A. (CSSI Dept.), Agent Bank

U.S. $500,000,000 **Lloyds Bank Plc** (Incorporated in England with limited liability)

Primary Capital Undated Floating Rate Notes (Series 2)

For the three months 31 August, 1988 to 30 November, 1988 the Notes will carry an interest rate of 8.9375% p.a. with a Coupon Amount of U.S. $225.92 payable on 30 November, 1988

By: The Chase Manhattan Bank, N.A. London, Agent Bank

U.S. $600,000,000 **Lloyds Bank Plc** (Incorporated in England with limited liability)

Primary Capital Undated Floating Rate Notes (Series 3)

For the six months, 31 August, 1988 to 28 February, 1989 the Notes will carry an interest rate of 9.1625% p.a. with a Coupon Amount of U.S. $460.67 payable on 28 February, 1989

By: The Chase Manhattan Bank, N.A. London, Agent Bank

U.S. $100,000,000 **First Bank System, Inc.** Floating Rate Subordinated Capital Notes Due 1997

Interest Rate	8 15/16% per annum
Interest Period	31st August 1988 – 30th November 1988
Interest Amount per U.S. $50,000 Note due 30th November 1988	U.S. $1,129.60

Credit Suisse First Boston Limited Agent Bank

U.S. $850,000,000 **Malaysia** Floating Rate Notes Due 1993

Interest Rate	9.375% per annum
Interest Period	31st August 1988 – 28th February 1989
Interest Amount per U.S. $10,000 Note due 28th February 1989	U.S. $471.35

Credit Suisse First Boston Limited Agent Bank

U.S. $125,000,000 **BANK OF BOSTON CORPORATION** Floating Rate Subordinated Notes Due 1998 Issued 26th August 1988

Interest Rate	8.8625% per annum
Interest Period	31st August 1988 – 30th November 1988
Interest Amount per U.S. $50,000 Note due 30th November 1988	U.S. $1,120.12

Credit Suisse First Boston Limited Agent Bank

£85,000,000 **BANQUE INDOSUEZ** Floating Rate Notes Due 1991

Interest Rate	12 5/16% per annum
Interest Period	26th August 1988 – 28th November 1988
Interest Amount per £5,000 Note due 28th November 1988	£158.11

Credit Suisse First Boston Limited Agent Bank

Bank of Tokyo (Curaçao) Holding N.V. £30,000,000 Guaranteed Floating Rate Notes Due 1990 unconditionally guaranteed by **The Bank of Tokyo, Ltd.**

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three months period 26th August, 1988 to 28th November, 1988, has been fixed at 12⅛ per cent. per annum. Coupon No. 20 will therefore be payable on 28th November, 1988 at £1,581.11 per coupon from Notes of £50,000 nominal and £158.11 per coupon from Notes of £5,000 nominal.

S.G. Warburg & Co. Ltd. Agent Bank

U.S. $250,000,000 **Régie des installations olympiques** Floating Rate Notes Due November 1994

Unconditionally guaranteed by **Province de Québec**

Interest Rate	8 13/16% per annum
Interest Period	31st August 1988 – 30th November 1988
Interest Amount per U.S. $50,000 Note due 30th November 1988	U.S. $1,113.80

Credit Suisse First Boston Limited Agent Bank

CITICORP U.S. $500,000,000 Subordinated Floating Rate Notes Due May 29, 1998

Notice is hereby given that the Rate of Interest has been fixed at 8.9375% and that the interest payable on the relevant Interest Payment Date November 30, 1988 against Coupon No. 10 in respect of US$10,000 nominal of the Notes will be US$225.92 and in respect of US$250,000 nominal of the Notes will be US$5,648.00.

August 31, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

U.S. $500,000,000 **CITICORP** (Incorporated in Delaware) Subordinated Floating Rate Notes Due January 30, 1998

Notice is hereby given that the Rate of Interest has been fixed at 8.45% and that the interest payable on the relevant Interest Payment Date September 30, 1988 against Coupon No. 32 in respect of US$10,000 nominal of the Notes will be US$70.42.

August 31, 1988, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Elders unit buys BHP coal mine

By Bruce Jacques in Sydney

ELDERS Resources NZFP (ERN) has paid a reputed A$70m (US$56.8m) to acquire the Saxonvale steaming coal mine in New South Wales' Hunter Valley from Broken Hill Proprietary (BHP), continuing a rationalisation in the Australian coal industry.

The mine, built in the early 1980s, has since succumbed to the world coal slump and is now producing only about half its earlier output of 1m tonnes and is barely breaking even.

BHP has been attempting to sell the operation for two years and it was almost unloaded to the then Peko-Wallsend group last year, but union problems stopped the deal.

The sale represents ERN's first big move into coal mining although it is already a partner in a minor Hunter Valley operation.

The deal comes on the heels of Industrial Equity's A$400m tilt at Howard Smith. CRA, another heavyweight mining group, has meanwhile made a bid which, although worth less than A$4m, is aimed at virtual control of the promising Ensham coal area in Queensland.

The company is offering 28 cents cash a share for Bligh Coal, a listed junior explorer.

CRA already controls 15 per cent of the deposit, which is estimated to contain at least 75m tonnes of predominantly steaming coal which can be extracted by open-cut methods, and a takeover would make the company easily the biggest shareholder in the unwieldy seven-member management consortium.

These strategic moves indicate a view that world coal markets have bottomed.

They contrast sharply with the attitude of CSR, which has shed almost its entire coal portfolio over the past 18 months for about A$500m, and MIM Holdings, which has a stated intention of reducing its coal assets if it can get reasonable prices.

The local Shell and Esso units have been the principal recent purchasers of Australian coal assets, on a mildly bullish medium-term view of the commodity.

Trust Bank cautious despite rally

By Jim Jones in Johannesburg

TRUST BANK, South Africa's fifth largest bank, has reported a strong increase in business for the year to June, in which disclosed profit after tax and transfers to inner reserves rose to R57.7m ($23.9m) against R47.8m.

Although the quality of its business was described as better, the directors cautioned that banking sector margins narrowed in the last quarter.

Disclosed total assets increased to R13.53bn from R9.26bn and advances rose to R8.58bn from R5.93bn. The bank is particularly active in the hire purchase market and benefited from previous economic stimulation.

Net earnings increased to 43.4 cents a share from 36.0 cents and the year's dividend has been raised to 12 cents from 10.5 cents.

Sharp reverse at Trans-Natal

By Our Johannesburg Correspondent

TRANS-NATAL, South Africa's second largest coal mining company, has had its profits wiped out in the year to June and expects cash flow to remain unsatisfactory for several months.

Cash flow difficulties have persuaded the company to sell its interest in a torbanite shale synfuels project to Gencor, Trans-Natal's controlling company.

Gencor has paid Trans-Natal half of its R17m ($7m) expenditure on torbanite research, and will finance the rest of a feasibility study.

Trans-Natal increased total sales to 34.3m tonnes from 32.2m tonnes. Exports increased to 8.6m tonnes from 7.9m tonnes in spite of sanctions and a generally oversupplied world coal market.

Nevertheless, turnover fell to R936m from R958m as the dollar price of export coal weakened and the rand moved generally higher against the dollar.

Pre-tax profits were just R1.3m against R146.3m and a taxed loss of R10.8m was suffered against net profits of R109.3m.

Mr Brian Gilbertson, the recently appointed chairman, says some of the group's financial problems have been remedied.

He adds that higher dollar export prices and a weaker rand combined to allow Trans-Natal to generate a taxed profit of R3m in July this year but warns that cash flow will be affected by a R40m capital expenditure programme and a R38m tax payment due over the coming two months.

The year's loss was 19 cents a share and a dividend has not been declared. The previous year ended with earnings of 97 cents and a total dividend of 60 cents.

● Sasol, the South African oil-from-coal manufacturer, suffered an earnings setback in the year to June and has called on the Government to implement protection guarantees given when the company was partially privatised in 1979.

Turnover increased to R3.61bn from R3.20bn and pre-tax profit was R823m against R917m.

Sasol's synthetic petrol is sold to the oil majors for retailing under their brand names as well as at its own pumps. Petrol prices are controlled through a link to world crude values.

The directors say that although the dollar prices of liquid fuels were about 10 per cent higher, the effect was largely offset by an 8 per cent increase in the average value of the rand against the dollar.

They say price increases of 15 per cent, which come into effect next month, do not address the problems of the synfuels industry and that a request for increased tariff protection is to be considered by the Government by the end of October.

Net earnings fell to 84.2 cents a share from 93.5 cents and the dividend has been maintained at 47.5 cents.

Matsushita climbs 40%

By Ian Rodger in Tokyo

CONSOLIDATED net profits of Matsushita Electric Industrial, the largest Japanese maker of consumer and industrial electronic products, rose 40 per cent to Y51.8bo ($385m) in the three months to June, due mainly to higher consumer and capital spending in Japan.

Sales were up 10 per cent to Y1,319.4bn, with a 14 per cent rise in domestic sales and a 4 per cent increase overseas. The company said sales gains in Europe offset declines in the US.

Video equipment sales, accounting for 27 per cent of the total, were up only 1 per cent, but sales of electronic components, including semi-conductors, were up 28 per cent to Y129.4bn. Communication and industrial equipment sales also grew strongly, rising 20 per cent to Y280.5bn.

Sumitomo Rubber soars

By Stefan Wagstyl in Tokyo

SUMITOMO RUBBER, the Japanese tyre maker which has acquired manufacturing interests of Dunlop of the UK, yesterday announced an 81 per cent increase in its interim pre-tax profits to Y4bn ($29.7m).

Strong sales of replacement tyres in Japan – plus increased sales of sports shoes, golf clubs and other goods – boosted turnover by 13 per cent to Y105bn in the six months to June.

The impact on profits was compounded by a cut in the cost of imported materials which resulted from a higher yen.

After-tax profit was 79 per cent higher at Y2bn.

For the current year, the company is forecasting profits of Y7.5bn pre-tax on sales of Y215bn.

NEW ISSUE

This announcement appears as a matter of record only

August 1988

Forsmarks Kraftgrupp Aktiebolag

(Incorporated in Sweden with limited liability)

Australian Dollars 70,000,000

13 Per Cent. Guaranteed Notes 1992

Guaranteed by The Kingdom of Sweden
as to payment of principal and interest which
Forsmarks Kraftgrupp Aktiebolag is legally liable to pay

Svenska Handelsbanken Group
Mitsubishi Finance International Limited
Westdeutsche Landesbank Girozentrale
Yamaichi International (Europe) Limited

Arab Banking Corporation (ABC)
Capital Markets Group
Kooijman U.K. Limited
Nomura International Limited
Republic New York
Capital Markets S.A.
Spedley PWT Ltd.

Credit Commercial de France
IBJ International Limited
Manufacturers Hanover Limited
Norinchukin International Limited
Smith Barney, Harris Upham
& Co. Incorporated
SwedBank

Dresdner Finance B.V.

Amsterdam

U.S.$ 350,000,000
Floating Rate Notes 1984/1989

The Rate of Interest applicable to the Interest Period from August 31, 1988 to November 29, 1988, inclusively, was determined by Morgan Guaranty Trust Company of New York, London, as Reference Agent to be 8¾ per cent per annum. Therefore, interest per Note of U.S.$ 10,000 principal amount is due on November 30, 1988, the relevant Interest Payment Date, in the amount of U.S.$ 221.18.

Frankfurt am Main,
in August 1988

Dresdner Bank
Aktiengesellschaft
Principal Paying Agent

Dresdner Bank Group

Bank of Tokyo (Curaçao) Holding N.V.

U.S.$100,000,000
GUARANTEED FLOATING RATE NOTES DUE 1997

Payment of the principal of, and interest on, the Notes
is unconditionally and irrevocably guaranteed by

The Bank of Tokyo, Ltd.

(Kabushiki Kaisha Tokyo Ginko)

In accordance with the provisions of the Agent Bank Agreement between Bank of Tokyo (Curaçao) Holding N.V., The Bank of Tokyo, Ltd., and Citibank, N.A., dated November 27, 1985, notice is hereby given that the Rate of Interest has been fixed at 9·0125% p.a. and that the interest payable on the relevant Interest Payment Date, November 30, 1988, against Coupon No. 12 will be U.S.$227·82.

August 31, 1988, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

Morgan Stanley shifts team to Zurich

By Our Euromarkets Staff

MORGAN Stanley International has transferred its Swiss franc warrant and convertible bond trading team to Zurich from London as part of an effort to increase its presence in that market.

The firm said the move stemmed from a decision made last year to move trading in certain products to their country of origin. It follows the April move to Frankfurt of the desk handling its D-Mark denominated products.

Dollar-denominated equity warrants, in which Morgan is an active market maker, will remain in London.

A Morgan Stanley official said the move had no connection with the recent implementation in London of the Financial Services Act, which sets out strict consumer protection and capital adequacy standards for the securities business.

The firm noted that, in Switzerland, the trading of warrants did not attract Swiss stamp tax, which it said inhibited the development of an active secondary market in most other securities in that country.

The new unit in Zurich will have a staff of 13, of which five have been moved from London. The sales group will also provide the local market with information on the US equity markets.

Hopewell raises payout after earnings surge

By Michael Marray in Hong Kong

HOPEWELL HOLDINGS, the Hong Kong property and construction company headed by Mr Gordon Wu, yesterday reported net profits of HK$459m (US$58.8m) for the year to June, an increase of 68 per cent over the previous year's HK$273.3m.

A final dividend of 11 cents per share has been declared, bringing the total for the year to 20 cents from a previous 17.3 cents on an adjusted basis.

In addition to construction and property development activities in Hong Kong, Hopewell's interests include the China Hotel in Guangzhou (Canton) and a power station in Guangdong province.

The company is also building a superhighway which will dramatically cut travelling time between Hong Kong and Guangzhou.

During the year, revenues from the Shajiao B power station, built and operated by Hopewell, rose sharply.

Perlis to hold profit level

By Wong Sulong in Kuala Lumpur

PERLIS PLANTATIONS, the Malaysian flagship company of Mr Robert Kuok, one of the most prominent south-east Asia Chinese businessmen, achieved an operating profit of 74.8m ringgit (US$28.2m) for the nine months to June on turnover of 779m ringgit.

For the six months to June 1987, Perlis recorded an operating profit of 29.5m ringgit on sales of 187m ringgit. The group has changed its year-end from September to December following the acquisition of Federal Flour Mills and Rasa Sayang Beach Hotels.

Profit after tax and extraordinary items for the latest period was 53.9m ringgit: in the 1987 first half it was 21.7m ringgit.

Perlis said it should be able to "maintain its level of profits" for the remaining six months of the year.

The group is paying a 6 cent interim dividend on the enlarged capital of 184m ringgit.

NZI setback despite higher turnover

NZI, THE New Zealand financial services company, has reported net profits almost halved in the quarter to June, the month when General Accident of the UK bought 51 per cent control, Our Financial Staff writes.

The setback, to NZ$23.1m (US$14.5m) from NZ$43m, came *in spite of a rise* in turnover to NZ$724m from NZ$560m and a NZ$5m tax credit where NZ$22.5m was paid last time.

Shares in S African insurer suspended

SHARES IN Liberty Life, the South African insurer which owns just over a quarter of Sun Life in the UK, were suspended in Johannesburg yesterday along with those of other group companies, Our Financial Staff writes.

Liberty said only that negotiations were taking place which "could have a material effect" on the shares.

Japanese bank borrowers anticipate US rates rise

By Our Euromarkets Staff

THREE JAPANESE bank borrowers, hoping to catch US interest rates before they rise further, tapped the Eurobond market in quick succession yesterday to raise $500m.

While the dollar's strength and the still-healthy appetite of Japanese investors for the US currency were clearly factors influencing the timing of the issues, opportunities to swap into floating-rate funds were also a factor.

But the disparate performances of the three issues, which carry fairly similar terms, show the extent to which Japanese investors are increasingly distinguishing between the credit quality of different borrowers.

The largest of the issues was a $200m five-year deal for Japan Development Bank which carries a government guarantee. The bonds bear a 9¾ per cent coupon and are priced at 101⅞ to pay 45 basis points over US Treasury bonds. The issue was the borrower's first in dollars since April 1987 and offers a 6 basis point yield pick-up on outstanding paper. It closed inside its 1⅞ per cent fees.

But the other two Eurobonds, both for shareholder-owned banks, had a rougher ride.

Dai-Ichi Kangyo (Australia) issued a $150m four-year bond with a 9⅝ per cent coupon and priced at 101⅝ to yield 58 basis points over Treasuries. This issue, although guaranteed by the parent company and yielding as much as 10 basis points more than outstanding paper of the same borrower, was seen trading as low as less 1.80 per cent. Full fees are 1⅞ per cent.

Nippon Credit Bank International, which lead managed a $150m issue for the bank's Curacao branch, assigned a coupon of 9⅝ per cent and priced the deal at 101⅝ to yield 58 basis points over Treasuries. Nippon Credit Bank guaranteed the issue. The lead manager said it was offering to buy the bonds within fees at less 1⅞, but had not bought any.

INTERNATIONAL BONDS

Two other Japanese banks and two French banks are said to be lining up to raise dollars, possibly today.

Current market conditions allow banks to swap their fixed-rate dollars into floating-rate funds paying interest at 30 to 40 basis points under London interbank offered rates. While the window is not particularly advantageous for sovereign and supranational borrowers which can sometimes swap into floating rates at 50 basis points under Libor, it represents good value for the banks.

In the secondary markets, dollar Eurobonds closed ⅛ to ⅝ lower as the dollar slipped from Monday's highs set in New York.

Meanwhile, two small four-year equity warrant Eurobonds were launched for Japanese borrowers through Nomura Securities. The deals were $50m apiece and carry indicated coupons of 5⅛ per cent, the highest on any similar security seen this year.

The two borrowers are Yuasa Shoji, a machinery and housing equipment trader, and Howa Machinery, a manufacturer of machine tools and textiles. But the higher coupons still appeared insufficient to spark investor demand, and both were seen well outside their 2⅛ per cent fees at around 97. Nomura is expected to launch any more equity warrant bonds until the end of September.

CB Finance Co, a unit of Commerzbank, issued a DM300m five-year bond with a 6 per cent coupon led by the parent. Commerzbank expects two thirds of the issue to be placed with its private retail network and the remainder with international investors.

In the secondary market in West Germany, domestic bonds rose by about 40 basis points in the long end while Eurobonds posted gains of about ¼ point, aided by the weaker dollar.

Amro Australia, a subsidiary of the Dutch Amro Bank, issued a A$50m three-year deal with a 13⅝ per cent coupon and priced at 101⅞.

Nikko (Switzerland) lead managed its first issue in Switzerland in more than three years. Yesterday, it launched a SFr60m convertible bond for Takasogo Thermal Engineering, the borrower that it brought to market in 1985. The privately placed bonds carry an indicated coupon of ½ per cent.

Aboitiz takes stake in Philippine bank

THE GOVERNMENT Landbank of the Philippines has agreed to sell its 39 per cent stake in Union Bank of the Philippines to the local Aboitiz group as part of its privatisation efforts, AP-DJ reports from Manila.

The Aboitiz group is a utility conglomerate operating in the southern Philippines.

The cost of the aquisition amounts to 518.6m pesos ($25.5m), or 327 pesos per share.

The sale falls under the central bank's debt-to-equity conversion programme, covering liabilities of Union Bank with the central bank.

The government Social Security System, one of the country's biggest institutional investors in the equity market, has guaranteed the contingent liability.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on August 30

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	93⅛	93⅝	0	+0⅛	9.81
All Nippon Air 9⅛ 97	100	—	—	—	—	—
Amer. Brands 8⅞ 92	150	—	—	—	—	—
A/S Eksportfinans 7⅞ 93	100	—	—	—	—	—
A/S Eksportfinans 7⅞ 92	150	†92¼	92¾	+0⅛	+0⅛	9.93
Barc. Bk. Fin. 10¼ 89	200	†99⅛	99⅝	+0⅛	+0⅛	10.48
B.F.C.E. 7¾ 92	150	92½	93	+0⅛	+0⅛	9.45
British Telecom 7⅞ 96	250	88⅜	88⅞	+0⅛	+0⅛	9.71
Cal. Natl. Telecom 8½ 93	160	—	—	—	—	—
Canada 9 96	1000	†97⅞	98	+0⅛	+0⅛	9.41
Canadian Pac 10⅛ 93	100	†102⅛	102⅝	0	+0⅛	9.58
[illegible]						

Average price change... [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅛ 92	55	100⅛	100½	−0⅛	−0⅛	5.27
Belgium 4⅞ 94	45	95⅛	95⅝	−0⅛	−0⅛	5.56
Canada 4⅞ 92	80	97⅜	97⅞	0	0	5.18
Elec. De France 5⅛ 94	20	98⅜	98⅞	0	−0⅛	5.41
Ireland 5⅛ 93	30	99	99⅜	0	−0⅛	5.33
Norway 5⅛ 95	50	97½	97⅞	−0⅛	−0⅛	5.56
Rep. of Italy 5⅛ 92	150	101⅜	102	0	−0⅛	5.13
Sweden 4⅞ 93	50	97	97⅛	0	−0⅛	5.33
World Bank 5½ 92	50	101⅜	101⅝	0	0	5.08

Average price change... On day 0 on week −0⅛

OTHER STRAIGHTS [illegible]

DEUTSCHE MARK STRAIGHTS [illegible]

Average price change... On day +0 on week +0⅛

SWISS FRANC STRAIGHTS [illegible]

Average price change... On day +0 on week −0⅛

FLOATING RATE NOTES [illegible]

Average price change... On day −0.01 on week −0.03

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Kinki-Sogo Bk. 2⅞ 03 US	5/84	1106.	264⅛	265⅛	−13⅛	−1.30
Land Secs. 6¾ 02 £	4/88	1069.	122¼	123¼	+0⅛	0.38
MCA INC 5½ 02 US	6/87	6.72	90⅞	91⅞	−0⅛	14.77
Minolta Camera 2¼ 94 DM	9/87	69.62	78	79	−0⅛	33.70
Mitsubishi Bk. 1¾ 02 US	2/86	1004.	98⅛	99⅛	−2½	19.88
Mitsui trust 2⅞ 01 US	9/87	3157.	107	108	+0⅛	6.01
Next PLC 5⅞ 03 £	10/86	1903.	118	119⅛	+0⅛	2.86
Nishi Nipp. Bk. 2⅞ 03 US	11/87	4.3	97⅛	98⅛	−0⅛	93.80
Omron Tateisi 2⅞ 02 US	4/88	804.	109⅞	110⅞	−2⅛	1.42
Primerica 5½ 02 US	4/87	1310.	202⅛	204	−7⅞	2.04
Ranks Hovis 4¾ 03 £	4/87	66.75	64½	65⅛	+0⅛	46.32
Redland 7½ 02 £	1/88	3.5	115⅜	116⅜	−1⅜	−1.00
Saatchi&Saatchi 6¾ 03 £	1/87	5.4	85½	86½	−0½	14.95
Texas Inst. 2⅞ 02 US	†20/89	4.41	95½	96⅛	−0½	19.59
W.R. Grace 6⅛ 02 US	9/87	82.87	73½	74½	+1⅛	51.43
[illegible]	9/87	42.12	80	81	−0⅛	38.41

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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Dewhirst advances 15% midway

BY ALICE RAWSTHORN

I.J. DEWHIRST Holdings, one of the largest suppliers of clothing and toiletries to Marks and Spencer, yesterday unveiled a 15 per cent increase in pre-tax profits to £3.2m in the first half of the year on sales up 17 per cent to £41m.

Mr Alistair Dewhirst, chairman, described the company's performance as encouraging given the intensely competitive state of the High Street and the impact of increasing imports on the clothing market. He said that the pace of trading had been reasonable, although Dewhirst had initially envisaged faster growth in sales.

The company's earnings per share rose to 2.16p (1.94p) in the 26 weeks to July 15. The board is increasing the interim dividend to 0.27p (0.24p).

Dewhirst saw its interest receivable fall to £2,000 (£175,000) in the interim period. This reflected the higher stock levels that the company has carried since the introduction of M and S's new computerised distribution system.

Laet month Dewhirst entered into a joint venture with Elders International, part of the Australian brewery and sheep farming group, to source clothing from the Far East. The first garments from the joint venture should arrive in the UK from this autumn.

Mr Dewhirst is retiring from the board this autumn. Mr Anthony Vice, director of the N.M. Rothschild merchant bank, will become non-executive chairman in November.

● COMMENT

Last year Dewhirst produced a lack lustre set of results having suffered from sluggish sales and the hefty costs incurred in its excursions into women's wear and toiletries. Its progress this year is somewhat more encouraging. The disadvantage of working with as dominant a customer as M and S is that the supplier's fortunes wax and wane with those of the retailer. The advantage, for a faithful supplier like Dewhirst, is that M and S offers a measure of protection against sudden surges of imports. Moreover the decision to form a joint venture with Elders in the Far East seems markedly more sensible than setting up from scratch in unknown territory. The City expects an increase in profits to £7m this year putting the shares – down 2p at 45p yesterday – on a prospective p/e of 9. Fairly valued: at least until Dewhirst proves that it can accomodate the new "high tech" regime at Baker Street.

Courtaulds acquires Corah sock division

By Alice Rawsthorn

COURTAULDS, textiles and chemicals group, is expanding its hosiery interests by buying the sock division of Corah, the troubled textile company, for £7.5m cash.

Corah's sock business is based at two production plants: at Halifax and within Corah's headquarters in Leicester. Courtaulds is buying the stocks and fixed assets of the business, which made a small trading profit on sales of £15.3m last year, for £600,000 less than its book value.

Courtaulds will retain the Halifax factory with its 350 employees. It plans to move the machinery from the Corah site in Leicester to its own sock plant in the city. The relocation should be completed by the end of the year and is expected to involve the loss of about 100 jobs from the workforce of 230 people.

The acquisition will double the size of Courtaulds' sock business which encompasses Wolsey, making men's socks under its own brand name as well as for Marks and Spencer, and Rowley, children's sock manufacturer.

Courtaulds augmented its sock interests a few years ago by buying a small M and S supplier and has since been keen to expand further.

Mr Martin Taylor, Courtaulds' director responsible for textiles, said that the sock market was attractive because of the relatively low level of import penetration and the scope for increasing productivity through automation. Moreover, he said, it is becoming an increasingly fashion conscious market.

For Corah, withdrawal from sock production forms part of the restructuring programme begun earlier this summer. For years the company has been burdened by hefty borrowings and poor profitability. In February it recruited a new chief executive, Mr John Foulkes, to tackle these problems.

Corah has already announced more than 1,100 redundancies and has closed its knitwear business. Mr John Hawksfield, finance director, said that the reorganisation of its core interests in underwear and leisurewear was now completed. The future of Corah's adventure clothing and curtain companies is still under review.

Once sock production has been relocated, Corah will consider the future of its Leicester headquarters.

Charterhall, the investment vehicle controlled by Australian entrepreneur Mr Russell Goward, now owns a holding in the group.

London Finance slips 4% amid quieter conditions

QUIETER trading conditions on the Stock Exchange resulted in a slight reduction in taxable profits for London Finance and Investment Group.

For the six months to June 30, this investment finance company recorded profits of £287,300, a decline of 4.4 per cent on the same period for the previous year. Net assets at the end of June stood at 80.27p per share, down from 120p last time, but a small improvement on the figure of 78.32p which prevailed at the year end in December.

Earnings per 5p share fell to 0.76p (0.89p). The general portfolio held by Erconovaal, the group's South African subsidiary, was sold during the period under review and the shortfall in the amount realised below cost was set off against non-distributable reserves as an extraordinary item of £346,000.

Wates City of London buys in 2.84m shares

By Clay Harris

WATES CITY of London Properties took advantage of the weak stock market last Friday to buy in more than 2.84m of its shares – nearly 1.9 per cent of the total – at 170p.

Shares of the property developer had fallen on Thursday to 167p – the lowest close since February – when Wates' announcement of interim pre-tax profits of £24.6m, including a £20.3m exceptional gain, coincided with the poor UK trade figures for July.

Mr John Nettleton, finance and commercial director, said yesterday that Wates had already bought in 2.3m of its shares before entering pre-results purdah.

The company has authority from shareholders to buy in up to 14.9 per cent of issued share capital.

COMPANY NEWS IN BRIEF

ALLIED RESTAURANTS has contracted to purchase a Wimpy counter service restaurant in Watford from existing franchisee for £650,000 cash.

CENTRAL AND SHEERWOOD: EGM approved equity subscription by and acquisition of property interests from Robert Fraser Group. Approval was also given for provision of loan of up to £3.5m by Pergamon Holdings to company's engineering businesses. As a result of transaction, Fraser is now interested in 29.9 per cent of enlarged capital and Pergamon holds 20.7 per cent. Robert Maxwell has been appointed chairman.

COXMOORE: partial cash and loan alternative available under the offer from Oakwood accepted in respect of 93.4 per cent of ordinary shares.

FLEXTECH subsidiary, Exploration and Production Services, is selling UK part of production services division to Team-Sel-International, a member of British & Commonwealth Holdings. Consideration will be £260,000 cash and Expro will be able to realise attributable working capital of £525,000.

A. GOLDBERG & SONS: Charterhall has increased its holding to 4.02m shares (23.54 per cent).

GRAND METROPOLITAN has established a joint venture in Malaysia with a local company, Ascot Sports. The new company will set up and operate a chain of betting centres throughout the country under a 20 year exclusive government licence.

PUBLISHING HOLDINGS' subsidiary, Creative Service, is selling its design business to Up and Coming Productions, a company owned by Mr Peter Lacey who was one of the owners of Creative Service prior to its acquisition by Publishing Holdings. Consideration is £70,000.

SAATCHI & SAATCHI, advertising and business services group, plans a public offer of 1.56m shares in Tokyo as a prelude to beginning of trading in Japan, expected in mid-October. Trading in Saatchi shares on the Paris bourse, meanwhile, has been transferred to the "monthly settlement market," the senior of two methods of trading equities in Paris.

SKETCHLEY has sold its 40 per cent interest in Single Service, a food ingredients packaging company. It was acquired when Sketchley bought Breakmate.

TRENT HOLDINGS is now some 78.48 per cent owned by Whitecroft. Acceptance to the offer for the outstanding shares totals 64 per cent. Offers declared unconditional.

TRIPLEX LLOYD has placed an order with Glasstech Inc, of Ohio, USA, for the supply and installation of a glass toughening plant for its double glazed unit manufacturing subsidiary Thermovitrine at Hyde in Cheshire. The equipment should be fully operational by early 1989 and the total cost of the project will exceed £1m. Triplex has also exchanged contracts to sell its 11-acre former Parker Foundry site at Derby for £800,000.

SHARE STAKES

Changes in the following company share stakes have recently been announced:-

Alphameric - Scottish Amicable Investment Managers holds 1.646m ordinary (8.4 per cent).

American Business Systems - Royal Insurance Group now holds 2.145m ordinary (5.74 per cent).

Archimedes Investment Trust - Exeter High income Trust has acquired an interest in 100,000 income shares (8.16 per cent).

Asset Trust - Lexton Investments has bought 167,000 ordinary making holding 3.52m (23.66 per cent).

Baldwin - David Landau, chairman, and Sandy Singh, chief executive, now hold 691,536 (5.6 per cent) and 30,278 shares (0.2 per cent) respectively.

Cape Industries - As a result of a number of other shareholders converting their holding in 8.4 per cent cumulative convertible redeemable preference shares, Charter Consolidated now holds 68.8 per cent of ordinary, against 74.1 per cent previously.

CCA Publications - Conifer has purchased 564,250 shares and now holds 1.796m shares (16.3 per cent).

FII Group - Scottish Amicable Investment Managers has acquired 125,000 ordinary bringing holding to 882,000 (7.3 per cent).

GEI International - Govett Strategic Investmant Trust holds 8.509m ordinary (9.86 per cent).

Independent Investment - Bank of England Pension Fund has increased its holding to 6.905m ordinary (7.4 per cent).

Kleinwort Charter Investment Trust - As a result of recent purchases, interest of Prudential Corporation is 5.713m ordinary (7.05 per cent).

London Shop - British Steel Corporation Pension Fund is interested in 12.1m shares (20.1 per cent).

Murray Smaller Markets Trust - Snn Life now holds 3.432m ordinary (6.183 per cent).

New Guernsey Securities Trust - W.R. Stuttaford, director, has bought 10,000 ordinary at 75p each and now holds 100,000 (5 per cent).

Norish - Standard Life Assurance Co. has increased its holding to 8.55 per cent.

Richardsons Westgarth - G.F.J. Armstrong has reduced his holding to 1.228m shares (6.7 per cent).

Sovereign Oil and Gas - Norwich Union Lifa Assurance Society ("B" account) has acquired a beneficial interest in 3.225m ordinary (5.8 per cent).

Stag Furniture - Following recent purchases, clients under management of Framlington Group now hold 1.384m ordinary (17.28 per cent).

Staks Holdings - Harvard Securities has exercised its option to subscribe at 5p in share capital of company in respect of 1.305m options (4.3 per cent of enlarged capital).

Steetley - Prudential Portfolio Managers has reduced holding from 5.02 per cent to less than 5 per cent, as a result of recent one-for-five rights issue when PPM did not take up full entitlement.

The Chase Manhattan Corporation

U.S. $175,000,000

Floating Rate Subordinated Notes due 1997

Notice is hereby given that the Rate of Interest has been fixed at 9% and that the interest payable on the relevant Interest Payment Date November 30, 1988 against Coupon No. 12 in respect of US$10,000 nominal of the Notes will be US$227.50.

August 31, 1988, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

VPI to set up investor relations division

By Martin Dickson

VPI GROUP, the public relations business formerly known as Valin Pollen, yesterday underlined the rapid growth of its investor relatioos division with the announcement that it was spinning off this side of its UK operations into a separate company.

Investor relations means advising companies on how best to keep in touch with the financial institutions which hold their shares. It is still a relatively undeveloped art in Britain, but since VPI entered the field three years ago this area has grown to account for abont one third of its UK income.

Last year VPI made a big move into the US with the £70m acquisition of the Carter Organisation, a leading investor relations business.

Now the group is setting up its London investor relations business as a separate subsidiary. This will be called Carter Valin Pollen, the same name now used by its New York investor relations business. Mr Howard Lee, formerly an assistant managing director of Valin Pollen Limited, VPI's main UK business, will be managing director of the new company.

Mr Angus Maitland, chairman of the new subsidiary, said that the changes were designed to create a strong, world-wide investor relations brand name. He said this reflected the internationalisation of securities markets and the need for companies to communicate with investment communities around the globe.

He argued that the growing technical sophistication of the business would create substantial barriers to entry, so that over the long term the successful players would be the largest groups, such as VPI.

For example, the group has just launched what it says is the UK's only comprehensive, on-line compnter service enabling client companies to keep a close eye on their share registers, and in particular on shares held in nominee names. Mr Maitland said this had generated considerable interest from companies, and five systems were already being installed.

Food Industries buy

Food Industries, the quoted subsidiary of Ireland's largest private company, Goodman International, has agreed to acquire the remaining 50 per cent of Baillie Foods, a skimmed milk processor, which it does not already own.

The vendor is MacCormac Prodncts, a subsidiary of Express Dairy Company. Consideration will be 1m shares in FI, worth around £1.85m.

FI was previously known as Merchants Warehonsing. Goodman bought a 66 per cent stake last year and injected its non-meat interests into the renamed group.

Engineering side boosts Telfos 88% to £1.96m

By Fiona Thompson

TELFOS HOLDINGS, the diversified engineering group which earlier this month failed in its £30m takeover bid for shipping, security and insurance group Walter Runciman, yesterday reported interim pre-tax profits 88 psr cent ahead at £1.96m.

The advance from £1.04m was made on sales which more than donhled to £10.35m (£3.76m) for the six months to June 30 1988. Earnings per share rose from 6.0p to 7.5p and the directors have declared an interim dividend of 3.0p (2.0p).

Telfos still holds its 28.6 per cent stake in Walter Runciman and in a statement yesterday the chairman said the Telfos directors believed "the holding will prove a valuable investment." By the end of the ten week bid battle Telfos had gained acceptances from Runciman investors holding 12.1 per cent, which, with its own 28.6 per cent stake, gave it a total of 40.7 per cent. Accordingly, the bid lapsed.

The bulk of Telfos's interim profits advance comes from douhled engineering profits of £1.06m, compared with £517,000 last year.

The company, operating from factories in Leeds and Birmingham, has interests in locomotive manufacture, shipbuilding machinery, sack-making equipment, fork lift truck manufacture and noo-ferrous metal production and metal spraying.

Telfos will benefit from "substantial order books in the second half," the company said.

Investment activity profits increased from £420,000 to £531,000 and property dealing profits contributed £466,000 (nil).

The interest charge was £101,000, against interest receivahle of £104,000. Tax took £600,000 (£186,000).

Verson one up in US battle

By Richard Tomkins, Midlands Correspondent

VERSON International, the Midlands-based engineering group, has won the crucial first round in a legal battle over its rights to enter the world-wide market for high-speed coil processing equipment.

The Federal District Court of Chicago has granted it a preliminary injunction against Allied Products Corporation of the US, requiring Allied and its F.J. Littell division to hand over technology for the manufacture of Littell's coil processing machinery.

VI believes the decision will bring it orders worth £4m in the first full year. It also increases the likelihood that VI will pick np compensatory damages for three years' worth of orders foregone.

The dispute is a hang-over from VI's creatioo in 1985 when Texan entrepreneur Mr Tim Kelleher hought out the company from its US parent, Verson Allsteel Press.

The huy-out deal gave VI access to its parent's technology and the exclusive right to use it outside North America. But according to VI, when Verson Allsteel and its Littell subsidiary were taken over hy Allied, the new owner proved unwilling to comply with its contractual obligations.

VI already manufactures coil processing equipment at its Bronx Engineering subsidiary, hut only for the low-speed, heavyweight requirments of steel mills and stockholders.

Littell dominates the world-wide market for equipment used in light-weight, high-speed applications such as can-making and packaging. It is now required to hand over the know-how and trade marks necessary to allow VI to take over production of this equipment for markets outside North America.

VI expects to begin manufacturing the equipment before the end of the year.

Propeller trebled at £313,000 in first half

PROPELLER, men's leisure and casual wear specialist, trebled its profit from £104,000 to £313,000 in the half year ended July 31 1988.

Turnover increased 70 per cent to £3.67m. And earnings rose to 2.46p (0.83p). The company's shares are traded on the Third Market.

Mr Mike Keen, chairman, said trading in the second half remained buoyant, and he was confident of a satisfactory result for the year.

Michael Ross Group had been integrated and several other potential acquisitions were being progressed.

Finances remained in excellent shape and there were substantial funds on deposit. It was intended to pay a dividend for the year, the chairman said.

SEP at £420,000 midway

SEP Industrial Holdings, USM-qnoted fastenings and components group, revealed pre-tax profits of £420,000 for the six months to end-March.

The outcome, scored on turnover of £7.71m (£6.43m), compared with profits of £364,000 last time adjusted to include the acquisition of Building Trade Investments in April.

After tax of £72,000 (£105,000), earnings per 5p share worked through at 1.36p, up from 1.21p, and the maiden interim dividend is set at 0.3p.

The directors expect substantial progress for the full year and intend to recommend a final dividend of at least 0.4p.

Siebe disposal

Siebe, controls, engineering and safety equipment group, has sold its British Gas & Oil Burners subsidiary to Bray Technologies, OTC-traded gas burner manufactnrer, for £711,000 in cash and the repayment – over three years – of a £254,000 interest-free loan.

James Dickie

Despite a 23 per cent increase in turnover to £2.62m, James Dickie, drop forgings maker, incurred a loss of £106,038 in the half year to April 30. The outcome compared with a loss of £237,907, hut directors said that a return to profits was not expected during 1988.

Irish Contl set to achieve its profit forecast

Irish Continental Group, ferry operator, believes it is in a position to echieve the profit of I£700,000 for 1987-88 forecast last March.

Shares were placed on the Dublin smaller market at 55p each, following an institutional buy-out in the previous year.

In the six months ended April 30 1988 the company incurred a loss of £2.25m, against a restated £2.45m. That was broadly in line with expectations and reflected the seasonal nature of the business, with the summer accounting for by far the greater share of traffic revenues.

The improved result stemmed principally from an increase in freight carrying on both routes, savings in fuel costs, and a reduction in financing costs following restructuring of the company's finances.

Yearlings up

The interest rate for this week's issue of local authority bonds is $12\frac{3}{4}$ per cent, up $\frac{1}{16}$ of a percentage point from two week's ago. The bonds are issued at par and are redeemable on September 6 1989.

A full list of issues will be pnhlished in tomorrow's edition.

This announcement appears as a matter of record only

Goodman Fielder Wattie Limited

Australasia's largest food company

has acquired

Meneba NV

a major miller and baker in the Netherlands

for

NLG 70.9 million

The undersigned initiated this transaction, acted as financial advisers to Goodman Fielder Wattie Limited and assisted in the subsequent negotiations and execution of the transaction

Amsterdam-Rotterdam Bank NV (Amsterdam)
Amro Australia Limited (Sydney)
EBC Amro Bank Limited (London)

Jarden Morgan Ltd (Sydney)
assisted in this transaction

June 1988

AAF

AAF Investment Corporation plc

has sold 1,475,000 shares in

BEATSON CLARK plc

for a cash consideration of £5.53 million
as part of a reorganisation and refocusing
of the Company's interests

The undersigned advised AAF Investment Corporation plc
in the above-mentioned transaction

ARBUTHNOT LATHAM
BANK LIMITED
Merchant Bankers
131 Finsbury Pavement London EC2A 1AY 01-628 9876

A member of the International NZI Bank group

UK COMPANY NEWS

Rentaminster becomes latest recruit for Third Market

RENTAMINSTER, which through its operating subsidiary BES Construction Services supplies labourers for the construction industry, yesterday became the Third Market's latest recruit writes Clare Pearson.

The placing is of 1.34m new ordinary shares at 60p each to raise about £666,000. At the placing price, the company has a market capitalisation of £2.44m.

Rentaminster was formed last year by Mr Rodney and Mr Neville Toogood, whose backgrounds lie in finance and property, for the purpose of taking over BES Construction Services for an initial consideration of £232,056. The Toogoods' aim was to expand BES's customer base by making use of their contacts in the construction industry.

After the placing, Rentaminster hopes to expand through acquisition, and possibly the opening of new outlets.

The proceeds of the placing will be used to satisfy a second cash payment to the vendors of £474,777. At the same time, £425,000 of the £470,000 third payment is being satisfied in a mixture of £25,000 in cash and the allotment of 333,333 preference shares and 333,333 ordinary shares – which will be retained by the vendors.

Rentaminster achieved pre-tax profits of £280,000 on turnover of £2.95m in the year to May 31. This compared with BES's results of £221,000 pre-tax on £2m turnover in the previous year. The placing was arranged by Brewin Dolphin.

ISA acquisition

ISA International, distributor of branded consumables such as paper and tapes, magnetic disks and tapes for information processing equipment, has agreed to acquire Productera, an Edinburgh based company which trades as Computer Supplies for £1.3m cash, writes *Fiona Thompson*.

Productera distributes computer consumables and office supplies to 4,000 customers nationwide. For the year to November 30, it reported pre-tax profits of £33,000 on sales of £5.55m. Mr John Parkinson, chairman, said the acquisition would boost ISA's customer base in Scotland and in north east England.

Caird/Wistech

Caird Group, waste disposal and property company, has bought an additional 602,000 shares in Wistech at 50p to raise its stake in the OTC-traded specialist cleaning and materials group to 12.7 per cent.

Wistech's talks with at least three potential suitors – announced on August 19 – are proceeding. Although their names have not been disclosed, they do not include Caird, which withdrew a proposed £7.5m offer in July but has not renounced its ambitions eventually to buy Wistech.

Godwin Warren

Shares in Godwin Warren Group, manufacturer of car-park barriers and railway buffers, were suspended at 80p pending the outcome of negotiations for a "substantial acquisition."

Queens Moat stake

Queens Moat Houses, the provincial hotels operator, yesterday disclosed that it held a 5.64 per cent stake in Vaux, the Sunderland brewing and hotel group, writes Lisa Wood.

Earlier this month Queens Moat took its stake to 4.7 per cent with the purchase of a 2.5 per cent holding in Vaux owned by Sir Ron Brierley's IEP Securities.

Mr Frank Nicholson, managing director of Vaux Breweries said discussions had taken place between Mr Paul Nicholson, chairman of Vaux and Mr John Bairstow, chairman of Queens Moat. "We have no reason to think that Queens Moat is buying other than for investment purposes, said Mr Nicholson."

BAe issues circular

British Aerospace yesterday issued a circular outlining the terms of its offer for the minority holding in Rover Group.

As revealed last month, BAe is offering 100p in cash for each share. There is also a share alternative, equivalent to 100p, of one BAe share for every 4.93 in Rover.

The Rover minority is being asked to vote in favour of the deal at a meeting at the Queen Elizabeth II Conference Centre in London on September 22. Should the deal not achieve the requisite majority – 75 per cent in value terms and 50 per cent in numerical terms of the Rover minority – BAe will make an offer of 2.7p per share, equivalent to the terms being paid for the Government's 99.8 per cent holding.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Border TV	fin	1.05	-	0.8	1.7	1.4
Bredero Props	int	2	-	1.7	-	5
Cater Allen Gilt	int	30	-	30	-	120
Dewhirst (IJ)	int	0.27	Nov 18	0.24	-	0.93
Peek	int	0.3	Jan 3	-	-	0.3
Ryan Hotels	int	0.5♣	-	0.5	-	1.5
SEP Industrial §	int	0.3†	-	-	-	-
Sharpe & Fisher	int	1	Oct 31	1	-	4
Telfos	int	3	-	2	-	5
Williams Hldgs	int	4	Sept 20	2.67*	-☆	7*

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ☆Final of 8p is forecast. ♣Irish currency.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- ASEA, American Trust, CLF, Edinburgh Fund Mngrs., Erith, Guardian Royal Exchange, Macfarlane Group, Maxwell Comm., Pacific Assets Trust, Pearl, Pentland Industries, Royal Trust Govt. Secs., Slough Estates, Steel Burrill Jones, Sunleigh Elect.
Final- Davies (O Y).

FUTURE DATES

Interims-

ABB Kent	Sept. 7
Abbeycrest	Sept. 8
Acorn Computer	Sept. 8
Beauford	Sept.20
Bentalls	Sept.21
British Aerospace	Sept.13
British Gas	Nov. 16
British Vita	Sept.12
Elys (Wimbledon)	Sept. 9
German Smlr Co's Inv Tst	Nov. 1
Gibbs & Dandy	Sept. 8
Grafton	Sept. 1
Henderson Administration	Nov. 4
Metal Box	Nov. 8
Morgan Grenfell	Sept. 8
P'Mouth & Sunderland News	Nov. 18
Quicks	Sept. 5
Renold	Nov. 3
Ropner	Sept. 6
Rugby	Sept.12
TR Property Inv. Tst.	Nov. 23
Tozer Kemsley & Millbourn	Sept. 6
VSEL Consortium	Nov. 22

Finals-

Bellwinch	Sept.15
Consolidated Gold Fields	Sept.12
Osprey Communications	Sept.13

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an invitation to any person to subscribe for or purchase securities in Perkins Foods plc ("the Company"). Application has been made to the Council of The Stock Exchange for permission to deal in the ordinary shares in issue and to be issued in connection with the Acquisitions, the Subscription and the Rights Issue in the United Securities Market. No such application is being made in respect of the convertible preference shares in issue or to be so issued and it is emphasised that no application will be made for the ordinary shares or the convertible preference shares to be admitted to the Official List. Dealings in the ordinary shares issued and to be issued in connection with the acquisitions of the Champifri Group and Sunbird and the Subscription, and dealings (nil paid) in the new ordinary shares to be provisionally allotted by way of rights are expected to commence on 5th September, 1988.

Perkins Foods plc

(Incorporated in England No. 1898193)

Acquisitions of

THE HAGÉ GROUP

and the Champifri Group and Sunbird

Rights Issue

of 43,041,667 new ordinary shares of 10p each at 75p per share

Subscription

of 6,666,666 new ordinary shares of 10p each at 75p per share

Authorised	Share Capital	Issued and to be issued fully paid
£9,845,245.20	ordinary shares of 10p each	£6,813,792.70
£654,754.80	convertible preference shares of 20p each	£654,754.80
£10,500,000.00		£7,468,547.50

The activities of the enlarged Group are the importing, marketing and distribution of a wide range of fruit and vegetables in the Netherlands and frozen vegetables in the United Kingdom and the manufacture and distribution of meat products, meat processing and shellfish processing and distribution in the United Kingdom.

Particulars giving information with regard to the enlarged Group are contained in new issue cards circulated by Extel Financial Limited. Copies of the document which reproduces those particulars may be obtained, during normal business hours up to and including 23rd September, 1988, from:

Lloyds Merchant Bank Limited, 40-66 Queen Victoria Street, London, EC4P 4EL.

Perkins Foods plc, Cornishway West, Galmington, Taunton, Somerset, TA1 5NA.

McCaughan Dyson Capel Cure, 65 Holborn Viaduct, London, EC1A 2EU.

31st August, 1988

Growth planned through acquisitions

Peek up to £2.44m in first half

By Vanessa Houlder

PEEK, the former shell company turned into an electronics and technology group by Mr Kenneth Maud, South African industrialist, yesterday announced pre-tax profits of £2.44m for the first six months of 1988.

As a result of a string of acquisitions, the results are not comparable with those of last year, when Peek scored pre-tax profits of £869,000.

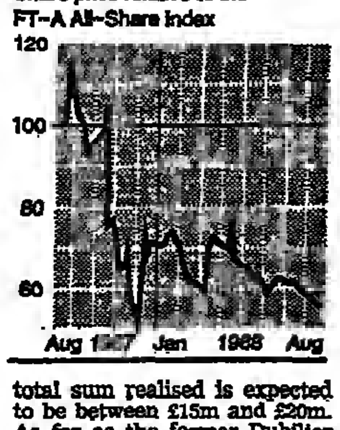
The latest figures include five months' contribution from Polysonics, bought in February for £6.3m (£3.75m) and a one-month contribution from Dubilier International, the electronics components company bought in June for £107m.

Viscount Slim, chairman, said that these two acquisitions had been successfully integrated into Peek and were making significant contributions to performance. The group had undergone an internal reorganisation and was now focusing on industrial automation, instrumentation and connectors.

Within the re-organised group, certain non-core activities have been identified and may be divested, he said. The

Peek

Share price relative to the FT-A All-Share Index



total sum realised is expected to be between £15m and £20m.

As far as the former Dubilier businesses are concerned, Peek is focusing on the radio frequency component operations.

All companies made further progress on the comparative period with particularly notable performances by Polysonics, Sarasota Revenue Systems and Husky Computers, he said. Overall, turnover nearly tripled to £15.1m (£5.2m).

With its cash balance of about £27m, the company is actively looking at future acquisitions. Mr Kenneth Maud, chief executive, said that the company was looking in the UK, US and Europe at applied electronics companies involved in aerospace, health-care and industrial automation.

"In the foreseeable future we will concentrate on acquisitions of between £5m and £20m with a larger acquisition hopefully next year," he said.

Peek manufactures and distributes products from plants in the UK at Winchester, Harlow and Coventry. In North America, Peek has factories in Sarasota, Florida; Long Island, New York; Houston, Texas; and Toronto, Canada.

Earnings per share doubled to 1.2p. An interim dividend of 0.3p (1987:nil) was announced.

● COMMENT

There are two schools of thought about Peek. One depicts it as a straightforward acquisitions machine – fuelled by its own paper, it buys more lowly rated companies and thus boosts earnings per share. By this account, the Dubilier acquisition in June was important – not for any industrial importance, but because it gives Peek the size and credibility to launch another and much larger takeover bid. The second camp does not deny Peek's ambition – already proven by its transformation from a cash shell to a £140m company in just two years. But it reckons that Peek has now lined up an impressive band of managers who can refocus its acquisitions, impose tighter financial controls and impose cross-fertilisation of technologies and markets within the group. But if on this point Peek has a lot to prove, more earning enhancement should, in any case, come through acquisitions. That is because Peek boasts a generous cash balance and an above average multiple of 17 – a figure that assumes pre-tax profits for the year of £8.5m and a share price, up by 1p to 48p. But whatever Peek's promise, it is unlikely to prompt a substantial rise in the share price. In common with most ambitious, acquisition-led companies, Peek does not appeal to bear market psychology.

Retail demand lifts Bredero to £1.93m

By Paul Cheeseright, Property Correspondent

BREDERO PROPERTIES, town centre retail and office developer 52 per cent owned by Slough Estates, lifted pre-tax profits by 62 per cent and raised earnings per share by 59 per cent in the first half of 1988.

Profits for the six months to June 30 came out at £1.93m against £1.2m in the same period last year and £3.7m for the whole of 1987. Earnings per share were 7.8p (4.9p). The interim dividend is 2p (1.7p).

The figures are in line with the high performance of the property sector which has been riding on the crest of a wave.

Strong demand from the retail sector for new and expanded premises has allowed Bredero sharply to expand its development programme at an estimated cost of £450m. This mainly concentrates on retail property, although with projects in Hammersmith, west London and Regents Street in London's West End, there is a significant new office element. Residential property accounted for 13 per cent of profits.

The main retail development projects are in Aberdeen, Glasgow, Fleet, Paisley, Dorking and Southampton. Shopping centres in St Albans, Nottingham and Aberdeen have all started to contribute to profits, while Bredero retains an interest in the Ashley Centre, Epsom, where rent reviews have just started.

The revenue stream is expected to grow as more developments are completed and Bredero stated that it had "a solid foundation for the future growth of the group's business in both the short and medium term."

The company is shielded from the recent rises in interest rates. Its development finance has been done either on a project basis with fixed interest finance or through pre-funding by institutions or in joint ventures.

Carlton Comms moves into printing

By Raymond Snoddy

MR MICHAEL GREEN, chairman of Carlton Communications, the television services company, yesterday returned to his roots in the printing industry with the £13.5m acquisition of Cambridge Computer Graphics.

Mr Green, who began his working life as a printer, has now returned to the industry for the first time by buying a manufacturer and designer of computerised graphics systems.

Cambridge Graphic Systems was set up in 1983 as a company specialising in the display of high resolution images for the computer-aided-design (CAD) industry. Increasingly it has been producing image publishing systems, which can handle text and graphics for the corporate, or in-house, publishing sector.

This week at the IPEX 88 the company, which made pre-tax profits of around £800,000 last year on turnover of £4.1m, will be displaying complete systems capable of turning out brochures or annual reports.

Carlton is paying £6m in cash and shares and additional payments of £7.5m are related to performance between now and 1992.

Cambridge Computer, which will remain in the CAD sector as well as developing its printing business, is likely to be the vehicle for further Carlton acquisition in the pre-press sector of the printing industry. This is the area where computer-linked change is at its most rapid.

"Pre-press is very interesting to me. It's how you get the image originally," said Mr Green, who added that he had always been interested in the printing industry.

Corporate publishing is in many ways the print equivalent of corporate video, an area Carlton has been in for some time.

Meanwhile, a New York analyst has hailed Carlton as the company most likely to benefit from the de-regulation of the European television industry.

Ms Jessica Reif, vice president of CL Global Partners Securities Corporation, part of the Credit Lyonnais Group, estimates that Carlton earning's will triple over the next five years.

"We believe the imminent arrival of dozens of satellite-delivered and newly privatised terrestrial channels as a result of de-regulation can only be interpretated as a major positive for Carlton," the study says.

CL Global estimates pre-tax profits for 1989 will be £55m on a turnover of £275m, compared with last year's earnings of £33.7m on sales of £112.3m.

Hambros buys US mergers specialist

By David Barchard

HAMBROS, the city merchant bank, has purchased Harry Roman & Company, a Los Angeles-based company specialising in private company mergers.

No details of the terms have been disclosed, though Mr Harry Roman, the company's chairman, is to continue in his post.

The purchase is apparently aimed at increasing the number of acquisition opportunities in the US which Hambros is able to offer to its clients in the UK and elsewhere. Hambros said yesterday that it had known and worked with Mr Roman for several years.

Mr Christopher Sporburg, deputy chairman of Hambros, cited Mr Roman's large data base of information about American private companies and his reputation for discretion among the attractions of the purchase.

In April this year, Hambros bought a 50 per cent stake in Shea, Paschall & Macchioni, a private investment bank in New York.

Meanwhile Hambros has moved its head office from Bishpsgate to Tower Hill on the edge of the City. All of the 700 staff who previously worked at Bishopsgate have been transferred to the new office.

Ryan Hotels cuts losses

Ryan Hotels has turned in better than expected results for the half year ended April 28 1988, reducing its loss from I£711,000 to I£169,000, equal to £143,000.

The directors said the improvement was continuing strongly in the second half.

Turnover in the current half slowed to £5.9m (£5.99m). Again the interim dividend is 0.5p. Loss per share came to 0.5p (2.05p).

Advertising revenue up 8% as Border hits £0.7m

By Fiona Thompson

BORDER TELEVISION, USM-quoted IBA contractor for Cumbria, southern Scotland, and the Isle of Man, yesterday reported pre-tax profits of £716,000 for the year to April 30, 42 per cent up on last year's £503,000.

Advertising revenue for ITV's smallest mainland contractor increased by 8 per cent to £9.4m. Turnover rose to £11.81m from a restated £10.01m.

Although Border's share of the ITV network's total advertising revenue was slightly down at 0.7 per cent, Mr Peter Brownlow, finance director, said he felt that the drift of advertising revenue to the south had slowed and revenues were now stabilising.

Programme sales to Channel 4 and ITV doubled to £1.95m from £956,000, children's and young people's programmes doing particularly well.

An extraordinary debit of £122,000 was due to the company writing down to £1 its investment in Super Channel.

Earnings per share rose from 3.4p to 4.2p and a final dividend of 1.05p is recommended, making a total of 1.7p (1.4p) for the year.

Mr Brownlow said shares representing a 14.96 per cent stake in Border sold last October to a nominee of the Mirror Group Pension Trust, Mr Robert Maxwell's Bishopsgate Investment Trust, will be enfranchised soon to four trustees, two to be nominated by the Mirror Group and two by Border.

CORRECTION

Trilion

Yesterday's profile of Trilion misleadingly stated that the company "made" Channel 4's Business Programme. The programme is produced by Business Television, a wholly-owned subsidiary of Broadcast Communications, which rents studios from Trilion.

Fergabrook rescue package

By Clay Harris

THUNDERCATS, spin-offs of an animated Saturday morning television show starring anthropomorphic super-felines, have had their day. Bouncing to the rescue is an evergreen toy with an unbeatable brand name – the Wembley plastic football.

Fergabrook Group, the toys and cosmetics distributor, yesterday unveiled a complex rescue package under which Harlestone Industries, Britain's dominant maker of plastic footballs, will reverse into the company in an all-paper transaction and take immediate management control.

Fergabrook is also to raise a net £2.6m through a deeply discounted share issue at 10p, compared with its suspension price of 17p on August 19. Altogether, it intends to triple the number of shares in issue.

The need for the rescue was evident yesterday, as Fergabrook also disclosed a sharply higher pre-tax loss of £2.5m (£771,100) in the six months to July 1. Interim losses per share soared to 9.49p (3.04p).

Mr Richard King, Fergabrook chairman, blamed the losses on high central overheads, purchasing constraints because of cash shortages, high levels of returns and lower margins on clearance sales.

The 1988 half also suffered by comparison because of the high level of Thundercats sales in the 1987 period. Fergabrook said its Rainbow Toys subsidiary had reduced its dependence on a single range and had begun to replace Thundercats with more durable and less fashion-related products.

In addition to balls sold under the Wembley and Frido names, Harlestone also makes sound insulation kits and replacement carpets for cars. It made pre-tax profits of £307,554 on sales of £5.78m in 1987 and has warranted profits of £308,000 for the current year.

Mr Philip Harrison, chairman of Harlestone, took over yesterday as Fergabrook chief executive. He said the future of the group's security and cosmetics divisions was under review. The latter has already been substantially wound down.

Mr Nicholas Condon joined Fergabrook as finance director yesterday, while his predecessor Mr Nicol Bilsland, managing director Mr Chris Adams, and non-executive director Mr Christopher Armstrong have all resigned.

Of the 24m shares being issued to finance the £2.4m takeover of Harlestone, 19m are to be retained by the vendors. The other 5m shares, as well as 30m additional shares, have been provisionally placed at 10p.

Fergabrook's interim turnover rose to £5.73m (£5.23m).

Sharpe & Fisher profits leap and plans DIY sale

By Clare Pearson

SHARES IN Sharpe & Fisher rose 87p to 305p yesterday after the diversified builders' merchant said it planned to sell Sandfords, the UK's eighth largest DIY superstore operator, and distribute the proceeds to shareholders.

S&F described the auction as the last chance for an established DIY retailer to acquire a new portfolio of outlets.

The announcement accompanied the interim results, which showed group pre-tax profits 50 per cent up at £2.79m (£1.86m).

The sale, whose structure is unusual in Britain but more common in the US, is expected to raise between £40 and £50m, although out of this S&F will be retaining £8m worth of inter-company debt. It also intends to keep the freehold interest in seven of the 15 sites.

Extra funds should provide sufficient resources for the planned expansion of the core builders' merchants business, according to Mr Charles Fisher, chief executive.

Industry sources suggested yesterday the most likely purchasers were Ladbroke and Ward White, whose respective Texas Homecare and Payless subsidiaries are the second and the fourth largest DIY superstore operators. B&Q, the largest competitor which is owned by Woolworth, was thought a less likely buyer because of geographical overlap.

Sandfords accounted for £1.84m (£864,000) of S&F's total pre-tax profits in the six months to June 30. The balance was chiefly made up of the builders' merchant businesses although there was also a £51,000 contribution from property.

On turnover of £20m (£15.98m), Sandford's net margins rose by 1.1 percentage points to 8.2 per cent which S&F says reflects improved efficiency as well as the mild weather. Openings at Sutton Coldfield and Havant brought the number of stores to 15 by the end of the first half; three new openings are planned at present.

At Sharpe & Fisher (Building Supplies), net margins reached 5 per cent for the first time at £1.1m (£802,000) profits rose to £1.1m on sales of £21.57m (£19.15m).

To bring dividend payments in line with expectations for the rump of the business, the interim payment is unchanged at 1p despite a jump in earnings per share to 9.1p (6.1p).

The sale is subject to S&F receiving assurances from the Inland Revenue that it will not be liable to tax on the proceeds.

● COMMENT

S&F's exit from the DIY superstore sector looks like a gem of a deal. It is selling Sandfords, where pre-tax profits have grown at a compound rate of 40 per cent over the last four years, before the expected price war between majors gets going; doing so in a tax-efficient manner, and making a grand gesture by handing the proceeds back to shareholders. Nor are investors being left with a shell: it says margins can yet be improved on the building materials side, while the properties may provide about £1.5m of rental income annually. Assuming they share Mr Fisher's view that DIY retailing will eventually go the way of the food sector, it might seem worthwhile to one or other of the majors to deliver a present of more than £2 each to S&F's shareholders. Even taking into account the risk the sale will not go through, that should leave the shares with a bit further to go. Pre-tax profits of about £6.5m are expected this full year.

Tomkins sells stake in RSJ to Birmid Qualcast

By Philip Coggan

BIRMID QUALCAST, home products group, has bought a 6.9 per cent stake in Ransomes Sims & Jefferies, grass-cutting machinery manufacturer, from Tomkins, industrial mini-conglomerate.

The 1.88m shares took Birmid's total stake in RSJ up to 8.36 per cent. Mr Peter Prately, Birmid managing director, said his group were "long-standing admirers" of RSJ.

"We were made aware that this package of shares was becoming available" he said "and we bought them both because we think they're a good strategic investment and because we would rather they were in our hands than in someone else's".

RSJ was not quite so enthusiastic about Birmid's purchase. Mr Bob Dodsworth, chief executive, said that RSJ would not welcome any further share purchases by Birmid.

Although Birmid, which is capitalised at around £290m is about three times larger than RSJ, analysts doubt whther it is likely to launch a bid. Birmid had a narrow escape from takeover by Blue Circle earlier this year and the latter retains a 43.8 per cent stake, severely limiting Birmid's room for manoeuvre.

Tomkins, which recently acquired Murray Ohio Manufacturing, US-based manufacturer of lawnmowers and bicycles, for $224m (£133m), has held a small stake in RSJ for a number of years, although it only pushed its holding above the disclosable 5 per cent mark in June 1987.

3i

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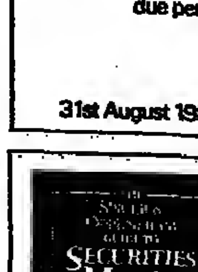

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar stays in narrow range

THE DOLLAR was confined to a narrow range in currency markets yesterday, as short term investors were deterred from opening fresh positions by the lack of any clear dollar trend.

On the one hand, a recent edging up in US interest rates, and the possibility of a further increase to contain inflationary pressures, have combined to provide the dollar with underlying support. However some dealers seem less than convinced. Central bank intervention has recently been successful in capping the dollar's advance, and comment's by Mr Karl Otto Poehl, president of the West German Bundesbank, have made clear his commitment to preventing a further decline in the D-Mark.

In addition, higher US interest rates and a possible rise in the dollar could damage the progress made in narrowing the US trade deficit.

Against this background, many short term investors prefered to remain on the sidelines, and much of the activity was confined to large institutional investors, buying on the dips and selling at the top.

Trading volume was relatively subdued, as financial markets made adjustments after Monday's closure in London and Hong Kong.

News of a 0.8 p.c. fall in US leading economic indicators in July failed to have any effect. Nor did a 3.5 p.c. decline in factory orders. Both July figures were expected to show some retrenchment, after higher than expected increases in June.

Nevertheless, the dollar finished on a firmer note, as the underlying bullish trend encouraged investors to cover short positions.

The dollar closed at DM1.8665 from DM1.8585 and Y134.40 compared with Y133.70. Elsewhere it ended at SFr1.5760 from SFr1.5685 and FFr6.3250 compared with FFr6.3075. On Bank of England figures, the dollar's exchange rate index rose from 99.2 to 99.6.

Sterling recovered from the day's lows. It opened firmer, after persistent demand in overnight markets, but tended to slip away towards lunchtime. However, after the dollar showed little reaction to the release of US economic data, the lure of high interest rates attracted investors back into sterling. Its exchange rate index finished at 75.8, up from 75.7 at the opening, and 75.6 on Friday.

Against the D-Mark, sterling rose to DM3.1550 from DM3.1400 on Friday, and Y227.25 compared with Y226.00. Elsewhere it finished at SFr2.6650 from SFr2.6500 and FFr10.6900 against FFr10.6800. It was also higher against the dollar, recovering from a weaker start to finish at $1.6905 from $1.6900.

In Frankfurt, the Bundesbank sold a nominal $7.6m at the fixing, when the dollar rose to DM1.8715 from DM1.8668 on Monday. There was no obvious sign of any support outside the fixing.

The dollar was slightly easier in Paris, finishing at FFr6.3395 from FFr6.3075 on Friday. Once again, trading volume remained on the quiet side, with most investors content to wait until after the release of US employment data on Friday.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Aug.30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.5213	+2.50	+0.95	±1.5344
Danish Krone	7.85212	7.98418	+1.68	+0.13	±1.5404
German D-Mark	2.05853	2.07582	+0.84	-0.71	±1.0981
French Franc	6.90403	7.04596	+2.06	+0.51	±1.3674
Dutch Guilder	2.31943	2.34377	+1.05	-0.50	±1.5012
Irish Punt	0.768411	0.775516	+0.92	-0.63	±1.6684
Italian Lira	1483.58	1541.69	+3.92	+4.03	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Aug.30	Latest	Previous Close
£ Spot	1.6920-1.6930	1.6860-1.6870
1 month	0.53-0.52pm	0.41-0.40pm
3 months	1.46-1.44pm	1.25-1.23pm
12 months	4.34-4.29pm	3.63-3.56pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug.30	Previous
8.30 am	75.7	75.8
9.00 am	75.7	75.8
10.00 am	75.6	75.8
11.00 am	75.7	75.7
Noon	75.7	75.5
1.00 pm	75.8	75.6
2.00 pm	75.9	75.5
3.00 pm	75.9	75.5
4.00 pm	75.8	75.6

CURRENCY RATES

Aug.30	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	N/A	0.666721
U.S. Dollar	6.50	1.29446	1.10953
Canadian $	8.75	1.60487	1.37504
Austrian Sch.	4	17.0040	14.6047
Belgian Franc	7	50.6781	43.5213
Danish Krone	7½	9.28775	7.98418
Deutsche Mark	3½	2.41650	2.07582
Neth Guilder	4	2.72872	2.34377
French Franc	[illegible]	[illegible]	7.04596
Italian Lira	[illegible]	[illegible]	1541.69
Japanese Yen	[illegible]	[illegible]	149.088
Norway Krone	[illegible]	[illegible]	7.66852
Spanish Peseta	[illegible]	[illegible]	137.471
Swedish Krona	[illegible]	[illegible]	7.17644
Swiss Franc	[illegible]	[illegible]	1.75028
Greek Drach.	[illegible]	[illegible]	167.728
Irish Punt	[illegible]	[illegible]	0.775516

*All SDR rates are for Aug.29

POUND SPOT- FORWARD AGAINST THE POUND

Aug.30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6825-1.6940	1.6900-1.6910	0.54-0.51cpm	3.73	1.46-1.41pm	3.40
Canada	2.0870-2.0965	2.0945-2.0955	0.44-0.34cpm	2.23	1.02-0.90pm	1.83
Netherlands	3.55½-3.57¼	3.56-3.57	2⅛-1⅞cpm	6.73	5⅝-5½pm	6.31
Belgium	66.00-66.30	66.20-66.30	32-26cpm	5.25	81-72pm	4.62
Denmark	12.12¼-12.17	12.15½-12.16½	4½-3¾orepm	4.07	11⅞-10¾pm	3.72
Ireland	1.1750-1.1835	1.1780-1.1790	0.50-0.45ppm	4.84	1.23-1.13pm	4.01
W. Germany	3.14¾-3.16¼	3.15¼-3.15¾	1⅞-⅝pfpm	6.66	5⅝-5⅛pm	6.66
Portugal	257.95-260.15	258.50-259.50	1-42cdis	-1.00	40-135dis	-1.35
Spain	208.90-210.20	209.20-209.50	35-15cpm	1.43	78-56pm	1.28
Italy	2339½-2348½	2342½-2343½	3.20-1.00lirepm	1.08	6.90-2.80pm	0.83
Norway	11.63¾-11.68½	11.66-11.67	½-¼oredis	-0.58	3-3¾dis	-1.18
France	10.68½-10.73½	10.68½-10.69½	1⅝-1⅛cpm	1.47	3⅞-3¼pm	1.24
Sweden	10.88½-10.93	10.91¾-10.92¾	1¾-1⅛orepm	1.72	5-4⅛pm	1.67
Japan	226¼-227¾	226¾-227¾	1½-1⅛ypm	7.59	4½-3⅞pm	7.04
Austria	22.17-22.26	22.22-22.25	12⅞-11⅞gropm	6.68	35¾-33¾	6.24
Switzerland	2.65¾-2.67	2.66-2.67	2-1⅞cpm	8.72	5½-5¼pm	8.07

Belgian rate is convertible francs. Financial franc 67.30-67.40. Six-month forward dollar 2.47-2.42cpm 12 months 4.30-4.20cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Aug.30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6825-1.6940	1.6900-1.6910	0.54-0.51cpm	3.73	1.46-1.41pm	3.40
Ireland†	1.4295-1.4340	1.4330-1.4340	0.15-0.20cdis	-1.47	0.40-0.50dis	-1.26
Canada	1.2370-1.2410	1.2380-1.2390	0.14-0.17cdis	-1.50	0.47-0.50dis	-1.57
Netherlands	2.1070-2.1155	2.1075-2.1085	0.57-0.55cpm	3.19	1.58-1.54pm	2.96
Belgium	39.10-39.30	39.15-39.25	6.00-4.00cpm	1.53	14.00-10.00pm	1.23
Denmark	7.18-7.20½	7.19-7.19½	0.35-0.05orepm	0.33	0.80-0.40pm	0.33
W. Germany	1.8645-1.8735	1.8660-1.8670	0.56-0.52pfpm	3.47	1.55-1.50pm	3.27
Portugal	153¼-153¾	153½-153¾	50-70cdis	-4.69	145-195dis	-4.43
Spain	123.65-124.75	123.85-123.95	18-28cdis	-2.23	58-68dis	-2.04
Italy	1384¾-1391	1385¾-1386¼	2.60-3.60liredis	-2.68	8.00-10.00dis	-2.60
Norway	6.89-6.91½	6.89¾-6.90¼	2.40-2.56oredis	-4.30	7.85-8.10dis	-4.62
France	6.32¼-6.35¾	6.32¼-6.32¾	0.45-0.35cpm	0.76	0.90-0.70pm	0.50
Sweden	6.45¼-6.46¾	6.45½-6.46	1.00-1.10oredis	-1.95	2.70-2.90dis	-1.73
Japan	134.15-134.55	134.35-134.45	0.44-0.41ypm	3.79	1.29-1.24pm	3.76
Austria	13.13-13.17½	13.14¾-13.15¼	4.20-3.80gropm	3.65	10.75-9.75pm	3.11
Switzerland	1.5730-1.5810	1.5755-1.5765	0.70-0.64cpm	5.11	1.91-1.84pm	4.76

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.80-39.90.

EURO-CURRENCY INTEREST RATES

Aug.30	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	12¼-11⅞	12⅛-12	12⅜-12¼	12⅝-12½	12⅝-12½	12⅝-12½
US Dollar	7⅞-7⅜	8-7⅞	8⅛-8⅛	8⅝-8½	9-8⅞	9⅛-9
Can. Dollar	9¼-9⅛	9½-9¼	9⅞-9⅝	10⅛-10⅛	10⅜-10½	11-10⅞
D. Guilder	5¼-5	5¼-5	5⅜-5⅛	5⅝-5½	5⅞-5⅞	5⅞-5⅞
Sw. Franc	5¼-3	3¼-3	3⅛-3	3⅞-3⅞	4-3⅞	4⅛-4⅛
Deutschmark	4⅞-4⅜	4⅞-4⅝	5⅛-4⅞	5⅛-5⅛	5⅞-5⅛	5⅞-5⅞
Fr. Franc	7⅛-7⅞	7⅞-7⅛	7⅞-7⅞	8⅛-8	8⅛-8⅛	8⅝-8⅛
Italian Lire	11-9	11-10	11⅛-10⅝	11½-11	11⅞-11⅛	12-11⅝
B. Fr. (Fin)	6⅞-6½	6⅞-6⅞	7⅛-7⅛	7⅞-7⅞	7⅞-7⅞	7⅞-7⅞

Long term Eurodollars: two years 9¼-9⅛ per cent; three years 9⅜-9⅛ per cent; four years 9½-9⅜ per cent; five years 9⅝-9½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

FINANCIAL FUTURES

Sterling contracts ease

STERLING INTEREST rate futures were weaker on the Liffe market, with September short sterling finishing at the day's low of 87.82, after opening at a peak of 87.94. Friday's close was 87.87.

Trading volume is moving towards the December contract however, which ended only slightly weaker on the day, and around the middle of the day's range.

September gilts eased a little to 93-04 from 93-07, on reasonably good volume.

Sterling's improvement against the D-Mark helped to limit losses, but sentiment remained depressed by the July UK trade figures, and fears of another large deficit in August.

US Treasury bonds were firmer on Liffe, after an encouraging start to trading in Chicago.

A fall of 0.8 p.c. in July US leading indicators, following a revised rise of 1.4 p.c. in June, was in line with expectations, and had little impact. Trading was subdued ahead of Friday's US employment data, and next Monday's Labour Day holiday in the US.

CHICAGO

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep	0.6361	0.6374	0.6356	0.6354
Dec	0.6437	0.6451	0.6435	0.6432
Mar	0.6507	0.6517	-	0.6500
Jun	-	-	-	0.6584

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
Sep	262.15	263.30	262.15	262.33
Dec	264.70	265.70	264.65	263.00
Mar	267.50	268.30	267.20	265.60
Jun	269.60	270.50	269.60	270.00

EUROPEAN OPTIONS EXCHANGE

Series		Vol	Last	Vol	Last	Vol	Last	Stock
NAT.NED. C	Fl. 55	720	7.40	-	-	-	-	Fl. 61.30
PHILIPS C	Fl. 55	943	0.70	113	1.60	23	2.50	Fl. 32
PHILIPS P	Fl. 30	16	0.60	55	1.60	20	2.50	Fl. 32
ROYAL DUTCH C	Fl. 240	74	2	350	5.20	6	8.20	Fl. 225.80
ROYAL DUTCH P	Fl. 230	93	9.50	366	12	4	13.50	Fl. 225.80
ROBECO P	Fl. 100	60	0.50	-	-	60	9.50	Fl. 92.30
UNILEVER C	Fl. 110	417	3.90	19	7.10	-	-	Fl. 109.20
UNILEVER P	Fl. 110	119	4.20 B	228	7.20	-	-	Fl. 109.20
WESSANEN C	Fl. 80	110	1.40	-	-	-	-	Fl. 73

TOTAL VOLUME IN CONTRACTS : 24,216

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	12	City Merchants Bank	12	NatWestminster	12
Adam & Company	11	Clydesdale Bank	12	Northern Bank Ltd	12
AAB - Allied Arab Bk	12	Comm. Bk. N. East	12	Norwich Gen. Trust	12
Allied Irish Bank	12	Co-operative Bank	*12	PRIVATbanken Limited	12
Henry Ansbacher	12	Coutts & Co	12	Provincial Bank PLC	12
ANZ Banking Group	12	Cyprus Popular Bk	12	R. Raphael & Sons	11
Associates Cap Corp	10	Dunbar Bank PLC	12	Roxburghe G'rantee	11½
Authority Bank	12	Duncan Lawrie	12	Royal Bk of Scotland	12
B & C Merchant Bank	12	Equatorial Bank plc	12	Royal Trust Bank	12
Banco de Bilbao	12	Exeter Trust Ltd	12½	● Smith & Williams Secs.	12
Bank Hapoalim	12	Financial & Gen. Bank	12	Standard Chartered	12
Bank Leumi (UK)	11	First National Bank Plc.	11½	TSB	12
Bank Credit & Comm	12	● Robert Fleming & Co.	12	UDT Mortgage Exp	‡11.45
Bank of Cyprus	12	Robert Fraser & Ptns.	11½	United Bk of Kuwait	12
Bank of Ireland	12	Girobank	12	United Mizrahi Bank	12
Bank of India	12	● Guinness Mahon	12	Unity Trust Bank Plc	12
Bank of Scotland	12	HFC Bank plc	12	Western Trust	12
Banque Belge Ltd	12	● Hambros Bank	12	Westpac Bank Corp.	12
Barclays Bank	12	Heritable & Gen Inv Bk	12	Whiteaway Laidlaw	12½
Benchmark Bank PLC	12	● Hill Samuel	§12	Yorkshire Bank	12
Berliner Bank AG	12	C. Hoare & Co.	12		
Brit Bk of Mid East	12	Hongkong & Shangh	12		
● Brown Shipley	12	● Leopold Joseph & Sons	12		
Business Mtge Tst.	12½	Lloyds Bank	12		
CL Bank Nederland	12	Meghraj Bank Ltd	12		
Central Capital	12	Midland Bank	12		
● Charterhouse Bank	12	Mount Bnkg Corp.	12		
Citibank NA	12	Nat. Bk. of Kuwait	12		

● Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 4.38% Savewise 7.16%. Top Tier-£10,000+ instant access 9.0% ‡ Mortgage base rate. § Demand deposit 7%. Mortgage 10.875% - 11.25%

MONEY MARKETS

Slightly firmer tone

THERE WAS a slightly firmer tone to interest rates in London yesterday, but the money market was quiet, with dealers waiting for further guidance on the direction of bank base rates.

Three-month sterling interbank rose to 12⅝-12½ p.c., from 12¼-12⅛ p.c. on Friday.

The Bank of England initially forecast a money market shortage of £100m, but revised this to £150m at noon, and to £200m in the afternoon. Total help of £400m was provided.

UK clearing bank base lending rate 12 per cent from August 25 & 26

The authorities did not operate in the market before lunch. In the afternoon £210m bills were bought outright, by way of £3m local authority bills in band 4 at 11⅞ p.c., and £207m bank bills in band 4 at 11⅞ p.c.

Late assistance of around £190m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £420m, with Exchequer transactions absorbing £310m. These outweighed a fall in the note circulation adding £380m to liquidity, and bank balances above target of £235m.

In Frankfurt conditions in the domestic money market remained comfortable, with banks offering funds into the market. Call money was unchanged at around 3.75 p.c., but as downward pressure eased on interest rates, there was no further sign of three-day Treasury bill sales by the West German Bundesbank. The central bank sold DM1.2bn of three-day bills to the market, to absorb surplus funds, on Monday.

Dealers are now waiting for the terms of today's securities repurchase agreement, to decide on whether the Bundesbank has changed its credit stance. This seems unlikely in the light of the D-Marks recovery against the dollar.

In Amsterdam the Dutch Central Bank set eight-day special advances at a rate of 5.1 p.c., to ease a shortage of credit in the money market. This replaced a seven-day pact at 5 p.c., and a four-day facility at 5.1 p.c., launched on last Thursday, when the central bank raised its official dealing rates.

In Paris the Bank of France announced an offer of FFr9.5bn of negotiable Treasury bills at the weekly tender on September 5. This will comprise FFr5bn of 13-week bills; FFr2.5bn of two-year bills; and FFr2bn of five-year paper.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

INTERNATIONAL APPOINTMENTS

ECONOMIST
Mozambique

Unidade de Direccao Textil (Textile Directorate)
State Secretariat for Food and Light Industry.
Duties include viability studies, cost-benefit analyses, co-ordinating financial investment in projects, annual plans, advice on computer utilization.

Applicants must have a degree in Business Administration of Economics or similar and at least 3 years' relevant experience in industry essential. Experience with micro/macro economics, computers, project evaluation, financial institutions desirable.

ADMINISTRATOR/FINANCIAL OFFICER
Swaziland

The School of Appropriate Farm Technology
requires an administrator/financial officer to raise funds, keep financial records, prepare accounts, control stock and possibly to teach basic accounting.

Candidates should be qualified accountants or economist with agricultural knowledge or with substantial experience in farm management and finances.

IVS OVERSEAS provides a 2 year contract, salary based on local rates, flights, accommodation, NI contributions, medical cover and language training where necessary.

Applicants must have the right of permanent residence in U.K. or Ireland.

Regret no funding for dependents.

IVS

Application form from:
Recruitment/Selection
IVS Overseas
3 Belvoir St.
LEICESTER LE1 6SL

CLOSING DATE FOR APPLICATIONS: 16th Sept

Please quote ref: FT/FIN/MS/08/88

AGENTS REQUIRED

Earn +/- £725 per week

Company requires a number of persons to market a new service which will produce a high weekly income.

Agents will be required to set up their own office.
To arrange interview contact Mr van de Schiff or Mr Sieckmeyer.
Tel: The Netherlands 31-072 123059

BANK OF IRELAND BASE RATE

Bank of Ireland announces that with effect from close of business on 31 August 1988 its Base Rate is increased from 11.00 % to 12.00% p.a.

Bank of Ireland
Established 1783
Area Office 36 Queen St London EC4R 1BN

TRANS-NATAL Coal Corporation Limited
(Registration number 63/00606/06)
(Incorporated in the Republic of South Africa)
("Trans-Natal")

General Mining Union Corporation Limited
(Registration number 04/02331/06)
(Incorporated in the Republic of South Africa)
("Gencor")

Gencor to take over management of torbanite project

An agreement has been reached in principle between Gencor and Trans-Natal in terms of which the management of the project to produce synthetic fuel from torbanite, at present the subject of a feasibility study by Trans-Natal (as referred to in the annual financial statements of Trans-Natal at 30 June 1987), will be transferred to Gencor.

In terms of the agreement Gencor will fund the commitments to the end of the feasibility study (Phase 2), and will immediately refund to Trans-Natal one-half of its past expenditure (which totalled approximately R17 million to 30 June 1988) on the project.

In the event that a decision is taken to proceed with the implementation of the project, Trans-Natal will be refunded the balance of its past expenditures and will acquire free of consideration a 2.5 per cent stake in the equity of the project as well as the right to subscribe on the same terms as Gencor for a further 17.5 percent in the venture. The transaction will have no material effect on the net asset value and earnings per share of Trans-Natal and Gencor.

The agreement is subject to the approval of Members at the Annual General Meeting of Trans-Natal on 23 November 1988.

Johannesburg
30 August 1988

Merchant banker
CORPORATE MERCHANT BANK LIMITED
REGISTERED BANK

COMPANY NOTICES

GENERAL MOTORS CORPORATION

NOTICE IS HEREBY GIVEN that resulting from the Corporation's Declaration of a Dividend of $1.25 (gross) per share of the Common Stock of the Corporation, payable on the 10th September 1988 there will become due in respect of Bearer Depositary Receipts a gross distribution of 6.25 cents per unit.

The Depositary will give further notice of the Sterling Equivalent of the net distribution per unit payable on and after the 15th September 1988.

All claims must be accompanied by a completed Claim Form and USA Tax Declaration obtainable from the Depositary. Claimants other than UK banks and Members of The Stock Exchange must lodge their Bearer Depositary Receipts for marking. Postal claims cannot be accepted. The Corporation's Second Quarter Report for 1988 will be available upon application to the Depositary named below.

Barclays Bank PLC
Stock Exchange Services Department
54 Lombard Street London EC3P 3AH

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

International Trusts					
Amer Spec Sits	5	62.29	62.79	66.33	+0.51	1.49
European Growth	5	17.79	17.73xd	18.88	-0.09	1.32
International	5	90.39	90.39xd	96.26	-0.62	1.03
Japan	5	138.0	138.0	146.9	-1.8	0.01
Pacific	5	218.5	218.5	232.7	-2.8	0.30
Secs of America	5	180.0	180.0	191.7	+2.1	1.05
W'wide Asset Val	5	26.52	26.52	28.24	-0.22	1.06
Specialist Trusts						
Asset Value	5	303.5	305.5	325.3	-5.3	3.06
Conv & Gilt	5	36.07	36.70xd	39.08	-0.48	6.34
Smaller Co's	5	163.0	163.0xd	173.5	-2.5	2.03
2nd Smaller Co's	5	187.7	187.7	199.9	-2.3	1.96
Recovery	5	95.90	95.98	102.1	-1.7	2.82
Met Min & C'dty	5	105.7	105.7	112.5	-0.2	1.34
O'seas Earnings	5	199.6	199.6	212.5	-3.0	3.29
Technology	5	85.23	85.23	90.76	-0.14	1.42
UK Special Sits	5	241.5	241.5xd	257.1	-5.5	2.81

Bishopsgate Progressive Mgmt Co (1200)F
15 St James' Place, London SW1A 1NW 01-493 8111

Progressive Inc	5	£15.40	£15.66	16.53	-0.17	2.63
Progressive Acc	5	£21.62	£21.98	23.20	-0.24	2.63
International Inc	5	£15.98	£15.98xd	16.87	—	1.54
International Acc	5	£20.13	£20.13	21.25	—	1.54
Can & Foreign Inc	5	190.6	190.6	201.2	—	2.29
Can & Foreign Acc	5	212.4	212.4	224.2	—	2.29
Special Sits Inc	5	158.9	158.9	167.7	-5.6	2.05
Special Sits Acc	5	158.9	158.9	167.7	-5.6	2.05

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 01-248 4400

Brewin Capital	5½	179.6	190.4	202.5	—	1.55
Brewin Dividend	5½	94.83	99.36xd	103.7	—	5.91
Brewin Int Gth Inc	5½	206.9	216.8	230.6	—	3.56

I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD
Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO

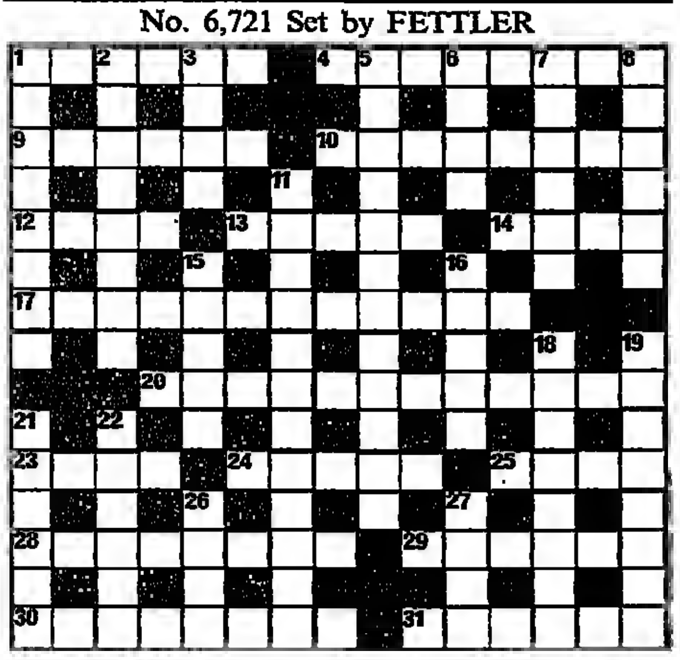
FT 30	FTSE 100	WALL STREET
Aug. 1406/1415 -24	Aug. 1750/1760 -25	Sep. 2032/2044 -4
Dec. 1420/1429 -25	Dec. 2048/2060 -29	Dec. 2048/2060 -4

Prices taken at 5pm and change is from previous close at 9pm

JOTTER PAD

CROSSWORD

No. 6,721 Set by FETTLER



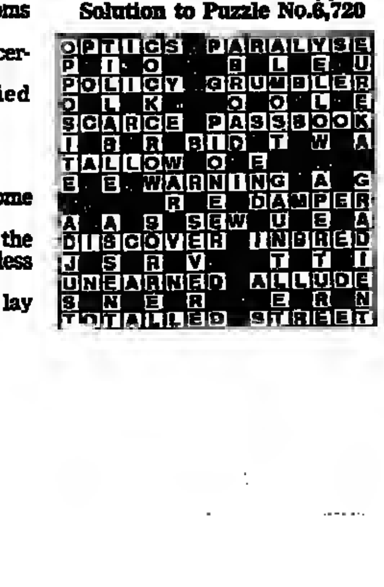
ACROSS

1 Harry Prince – a well known nail-drawer (6)
4 It must be ineffective when it makes nothing vibrate (8)
9 Ride gee-gee, properly accoutred (6)
10 What appears to be a little blow still connects (8)
12 See pudding sate .... (4)
13 .... double helping of which makes one pi (5)
14 Alban (re GB) composed (4)
17 Check – er if I replace one in the intermission (12)
20 Soldiers, unusually silent men to a tee, signing on again (12)
23 And it's a capital ensemble (4)
24 There's an examination (for clockmakers?) here in Germany (5)
25 The small valley's best approached from the east, Ned (4)
28 It takes an eastern charmer to enthuse about this precious stone (8)
29 Native Aussie twits us Poms (6)
30 Monty? Odd maybe, but certainly not this (8)
31 Mammon persooified old-fashioned god (6)

DOWN

1 Horrible creep I've become eware of (8)
2 A shooter deviating to the left and right is worthless (8)
3 One of the ways snow lay around (4)
5 Bandit loosed offensive, being markedly sanguinous (12)
6 What's mature in a tripery? (4)
7 Flags – but is about to get up! (6)
8 Get into gear – Eoglish period of course (6)
11 Compact to permit, we hear, the addition of foreign trade (12)
15 Present obtained when the lid's off the money chest .... (5)
16 .... and plunder's revealed too by default (5)
18 The disappointment of little Sarah, following an unfinished dream (8)
19 Banner headline (8)
21 Underground workplace is dusty! Swap it for the better (6)
22 One disrupting, harms a peaceful retreat (6)
26 Godson had his wings clipped – what a surprise! (4)
27 Whist! Note and look! (4)

Solution to Puzzle No.6,720



GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information pages is being expanded to improve the service to readers and to conform with new legislation.

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♣ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
Swiss Life Pen Tst Man Co Ltd (1000)H						
99-101 London Rd, Sevenoaks 0732 450161						
Equity Dist	5	315.2	320.2	338.8	-3.7	5.09
Equity Acc	5	404.6	410.9	434.8	-4.9	5.09
Fixed Int Dist	5	115.2	117.2	121.4	-0.4	9.20
Fixed Int Acc	5	204.2	207.8	215.3	-0.7	9.20
TSB Unit Trusts (y) (1000)F						
Charlton Pl, Andover, Hants. SP10 1RE						
TSB American	5	97.82	97.82	[illegible]	[illegible]	[illegible]
Do Accum	5	104.94	104.99	[illegible]	[illegible]	[illegible]
TSB Brit Growth	5	52.73	52.96	[illegible]	[illegible]	[illegible]
Do Accum	5	54.44	54.57	[illegible]	[illegible]	[illegible]
TSB European	5	48.25	48.25	[illegible]	[illegible]	[illegible]
Do Accum	5	49.57	49.57	[illegible]	[illegible]	[illegible]
TSB Extra Income	5	142.54	143.50	[illegible]	[illegible]	[illegible]
Do Accum	5	183.99	185.23	[illegible]	[illegible]	[illegible]
TSB Smaller Cos	5	52.61	54.22	[illegible]	[illegible]	[illegible]
Do Accum	5	53.54	55.18	[illegible]	[illegible]	[illegible]
TSB General	5	169.99	170.40	[illegible]	[illegible]	[illegible]
Do Accum	5	294.24	295.31	[illegible]	[illegible]	[illegible]
TSB Gilt & Fxd Int	3¼	46.76	46.76	[illegible]	-0.20	[illegible]
Do Accum	3¼	70.60	70.60	[illegible]	-0.30	[illegible]
TSB Income	5	252.78	254.35	[illegible]	[illegible]	[illegible]
Do Accum	5	422.52	425.15	[illegible]	-5.08	[illegible]
TSB Pacific	5	201.26	202.33	[illegible]	-2.20	[illegible]
Do Accum	5	209.25	210.35	223.78	-2.29	[illegible]
TSB International	5	315.75	316.56	336.79	-0.17	[illegible]
Do Accum	5	397.19	398.25	423.68	-0.21	[illegible]
TSB Nat Resources	5	61.66	61.97	65.87	[illegible]	[illegible]
Do Accum	5	64.81	65.14	69.29	[illegible]	[illegible]
TSB Strd Opps	5	78.06	79.07	84.12	-1.20	[illegible]
Do Accum	5	87.98	89.12	94.81	[illegible]	[illegible]
3i Unit Trust Managers Ltd (1000)F						
31 Homer Rd, Solihull, B91 3QA 01-928 3356						
Small Co's	5	50.67	50.67	53.48	-0.81	-
Target Trust Mngrs Ltd (1600)H						
Target Hse, Gatehouse Rd, Aylesbury, Bucks. Admin: 0296 394000 Dealing: 01-379 0800						
American Eagle	5	61.57	61.57	65.90	-0.94	0.90
Australia	5	7.864	7.870	8.420	-0.10	0.10
Commodity	5	76.97	76.97	83.26	-0.58	0.60
Convertible	5	140.9	140.9	152.4	-1.6	5.02

	Bid Price	Offer Price	+ or -	Yield Gross
MIM Ltd				
Mngd Pens (Acc)	54.0	57.6	-0.6	0.80
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Aug 31	39.5	41.0	+0.5	2.25
Euro Expt Aug 31	38.7	40.6	-0.1	2.56
Fixed Int Ex Aug 31	48.1	50.4	-0.5	9.68
Japan Expt Aug 31	52.3	54.4	-1.3	0.56
Managed Ex Aug 25	38.6	40.1	+0.0	4.51
SE Asia Expt Aug 31	36.1	37.9	-2.2	2.44
Sm Cos Expt Aug 31	43.4	45.5	-1.8	2.59
UK Eqty Ex Aug 31	34.7	36.4	-1.4	3.97
New Court Property Fund Managers				
NC Property	189.3	199.5	-	-
Phillips & Drew Fnd Management Ltd				
PDFM Small Co Fd	812.0	862.0	-	3.50
Do Accum	830.0	870.0	-	3.50
PDFM Int Expt Aug 25	124.4	126.4	-	2.72
J. Rothschild Fund Managers Ltd				
Intl Exempt	93.19	94.40	-	3.00

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
AA Friendly Society				
Investment Mngt M & G Inv Mngt Ltd				
AA Friendly Sy Aug 12	-	140.9	-	-
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	251.2	264.5	-	-
Equity Ser. 1	110.9	116.8	-0.9	-
Prop. Acc. Ser 2	372.6	392.3	+9.3	-
Equity Ser 2	125.8	132.5	-0.8	-
Selective Acc	285.3	300.4	+1.7	-
Prop. Ser. 4	292.6	308.1	+8.2	-

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

	Bid Price	Offer Price	+ or –	Yield Gross
Phoenix Assurance Co Ltd				
Phoenix House, Redcliff Hill, Bristol 0272 294941				
Life Assurance Funds				
Wealth Ass	389.3	409.9	.....	–
Eb'r Ph Eq	349.2	366.6	.....	–
Pension Plan Funds				
Phoenix				
UK Equity Acc.	164.6	173.2	–0.5	–
International Acc.	140.6	147.9	–0.6	–
Property Acc.	143.6	151.1	+0.4	–
Fixed Interest Acc.	153.3	161.3	–0.4	–
Money Acc.	143.2	150.7	+0.1	–
Bldg. Soc. Link Acc	140.1	147.4	+0.1	–
Special Mnged Acc G.	150.1	153.0	–0.4	–
Phoenix/Framlington				
Intnl. Growth Acc.	87.40	91.90	+0.30	–
Am. Smllr Cos. Acc.	87.30	91.80	+0.80	–
Capital Tst. Acc.	173.3	182.4	–2.3	–
Japan & Gen Acc.	190.0	199.9	–2.1	–
American Tem. Acc	96.40	101.4	+1.2	–
Recovery Tst. Acc.	176.2	185.4	–1.7	–
Special Mngd Acc.	147.8	155.5	–0.7	–
Phoenix/GT				
International Acc.	130.0	137.6	–1.2	–
US & General Acc.	87.00	91.50	+0.90	–
Amer Spec Sits Acc	65.70	69.10	+1.10	–
Japan & General Acc.	191.6	201.6	–2.6	–
Far East & Gen Acc.	137.7	144.9	–2.8	–
UK Capital Acc	171.6	180.6	–1.7	–
European Acc.	139.2	146.6	–2.3	–
Special Mngd. Acc.	125.9	132.5	–1.2	–
Pioneer Mutual Insurance Co Ltd				
16 Crosby Rd, N Waterloo, Liverpool 051-928 6655				
Managed Fund	265.9	279.9	.....	–
Man Pns Inc & Cap Fds	339.2	357.1	.....	–
Money Fund	113.8	119.8	.....	–
Pens. Mngd Fd (Init)	89.6	94.4	.....	–
Pens Mngd Fd (Acc)	103.5	109.0	.....	–
Pens FT30 Fd (Init)	126.8	133.5	.....	–
Pens FT30 Fd (Acc)	146.7	154.5	.....	–

	Bid Price			
Provident Mutual Life Assc. Assn.				
Willian Rd, Hitchin, Herts SG4 0LP				
Managed Ord.	280.4			
Managed Init.	231.3			
Equity Ord.	392.1			
Equity Init.	323.5			
Index Linked Gilt Ord.	122.2			
Index Linked Gilt Init.	105.3			
Overseas Equity Ord.	251.7			
Overseas Equity Init.	207.7			
Property Ord.	168.7			
Property Init.	139.2			
Fixed Interest Ord.	167.6			
Fixed Interest Init.	138.3			
Deposit Ord.	135.5			
Deposit Init.	111.8			
Pension Funds				
Managed Ord.	337.7			
Managed Init.	278.6			
Equity Ord.	489.8			
Equity Init.	404.1			
Pen Ind Lnd Gilt Ord.	111.6			
Pen Ind Lnd Gilt Init.	113.4			
Overseas Equity Ord.	284.5			
Overseas Equity Init.	234.7			
Property Ord.	196.9			
Property Init.	162.4			
Fixed Interest Ord.	189.8			
Fixed Interest Init.	156.6			
Deposit Ord.	169.0			
Deposit Init.	139.4			

For Provincial Life Ass Co Ltd see Prolific Life & Pensions Ltd

Prudential Assurance Co
Holborn Bars, London EC1N 2NH
Prufund
Managed Aug 24 | 206.3

Prudential Holborn Life Ltd

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

UK LISTED

OFFSHORE INSURANCES

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99	83	Redemption 3pc 1986-96	99	.....	3.03	12.70
100	99	Treas. 9½pc '88	99	.....	9.54	11.77
102	99	Treas 13½pc 1989	99	.....	11.52	11.71
101	98	Treas 9½pc Cnv 1989	98	.....	9.62	11.52
97	95	Treas 3pc 1989	96	.....	3.12	8.95
102	99	Treas 10½pc 1989	99	.....	10.58	13.48
102	98	Exch. 10pc 1989	98	.....	10.12	11.41
103	99¼	Exch 11pc 1989	99¼	.....	13.03	11.35
97	94	Treas 5pc 1986-89	94	–	5.27	9.95
104	99	Exch 10¼pc Cv '89	99	–	10.35	11.06
107½	102	Treas 13pc 1990‡‡	102	.....	12.67	10.82
104	100¼	Exch 11pc 1990‡‡	100¼	.....	10.98	10.79
107	102	Exch. 12½pc 1990	102	+	12.22	10.92
93	90	Treas. 3pc 1990	90	–	3.31	9.12
99	96	Treas 8¼pc 1987-90‡‡	96	–	8.59	10.75
102	96	Treas. 8pc Cv 1990 ‡‡	96	–	8.31	10.24
103	98	Treas. 10pc Cv 1990	98	.....	10.16	10.81
91	87	Exch 2½pc 1990	87	–	2.85	8.66
107¼	102	Treas 11¾pc 1991	102	–	11.53	10.76
95	90	Funding 5¾pc '87-91‡‡	90	.....	6.35	9.93
90	86	Treas. 3pc 1991	86	–	3.47	8.72
105	98	Treas 10pc Cv '91 ‡‡	98	–	10.14	10.56
107	100	Exch. 11pc 1991	100	–	10.90	10.63
98	92	Treas. 8pc 1991	92	–	8.61	10.60
113	106¼	Treas 12¾pc 1992‡‡	106¼	.....	12.01	10.52
104	98	Treas 10pc 1992	98	–	10.14	10.47
98	92	Treas. 8pc 1992 ‡‡	92	–	8.64	10.51
106	99	Treas 10½pc Cv 1992‡‡	99	.....	10.51	10.50
86	82	Treas. 3pc 1992	82	–	3.63	8.48
112	105	Exch. 12¼pc '92	105	–	11.63	10.56
137	109	Exch 13½pc 1992	109	–	12.35	10.62
97	92	Treas 8¼pc 1993	92	–	8.96	10.49
105	98	Treas 10pc 1993‡‡	98	–	10.17	10.45
115	107	Treas 12½pc 1993‡‡	107	–	11.61	10.44

Five to Fifteen Years

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
93	88	Funding 6pc 1993‡‡	[illegible]	–	6.78	8.89
121	112	Treas 13¾pc 1993‡‡	[illegible]	.....	12.20	10.51
101	91	Treas. 8¼pc 1994	[illegible]	–	9.24	10.46
44	42	Tr 8½pc 1994 'A' £30% pd	[illegible]	–	9.24	10.48
125	116	Treas 14½pc 1994‡‡	[illegible]	–	12.45	10.48
120	112	Exch 13½pc 1994	[illegible]	–	12.05	10.59
105	98	Treas. 10pc Ln. 1994‡‡	[illegible]	–	10.16	10.36
116	108	Exch. 12½pc 1994	[illegible]	–	11.54	10.57
101	94	Treas 9pc 1994‡‡	[illegible]	–	9.55	10.26
134	106	Treas 12pc 1995	[illegible]	–	11.26	10.54
83½	78½	Exch 3pc Gas 90-95	[illegible]	–	3.70	6.56
106	99	Exch. 10¼pc 1995	[illegible]	–	10.32	10.38
120	111½	Treas 12¾pc 1995‡‡	111	–	11.44	10.43
126	117	Treas. 14pc '96	117	–	11.95	10.56
101	94	Treas. 9pc 1992-96‡‡	94	–	9.57	10.15
133	124	Treas 15¾pc 1996‡‡	124	–	12.26	10.52
123	114	Exch 13¼pc 1996‡‡	114	–	11.56	10.43
105	98	Conversion 10pc 1996	98	–	10.19	10.33
124	115	Treas 13¼pc 1997‡‡	115	–	11.46	10.39
108	100	Exch 10½pc 1997	100	–	10.40	10.32
98	91	Treas 8¾pc 1997‡‡	91	–	9.52	10.15
134	125	Exch 15pc 1997	125	–	11.94	10.54
104	96	Exch. 9¾pc 1998	96	–	10.06	10.25
87	81	Treas 6¾pc 1995-98‡‡	81	–	8.26	9.70
140	131	Treas. 15½pc '98‡‡	131	–	13.83	10.46
118	110	Exch. 12pc 1998	110	–	10.90	10.35
103	96	Treas 9½pc 1999‡‡	96	–	9.85	10.04
120	112	Exch. 12¼pc 1999	112	–	10.93	10.35
109	101	Treas. 10½pc 1999	101	–	10.33	10.24
107	100	Conversion 10¼pc 1999	100	–	10.24	10.22
100	86	Treas. 8½pc Ln 2000‡‡	89	–	9.44	9.98
99	93	Conversion 9pc 2000‡‡	93	–	9.65	9.99
126	118	Treas. 13pc 2000	118	–	11.03	10.34
106	99	Treas 10pc 2001	99	–	10.05	10.06
129	120	Treas. 14pc '98-01	120	–	11.59	10.51
104	98	Conversion 9¾pc 2001	98	–	9.95	10.02
138	110	Exch. 12pc '99-02	110	–	10.90	10.38
107	100	Conversion 10pc 2002	100	–	9.98	9.97
105	98	Treas 9¾pc 2002	98	–	9.90	9.94
99	93	Exch. 9pc 2002	93	–	9.65	9.88
131	122	Treas. 13¾pc 2000-03	122	–	11.21	10.34

Over Fifteen Years

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
108	100	Treas 10pc 2003	100	–	9.91	9.89
117	109	Treas. 11½pc 2001-04	109	–	10.51	10.15
108	100	Treas. 10pc 2004	101	–	9.86	9.81
[illegible]						

BRITISH FUNDS—Contd

Undated

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
44	41	Consols 4pc	42	–	9.3	–
39	37	War Loan 3½pc‡‡	37	–	9.2	–
53	48	Conv. 3½pc '61 Aft	53	.....	9.5	–
33	30	Treas. 3pc '66 Aft	31	–	9.4	–
28	26	Consols 2½pc	26	–	9.3	–
28	26¼	Treas. 2½pc	26	–	9.32	–

Index-Linked

1988 High	Low	Stock (b)	Price £	+ or –	(1)	(2)
121	117½	Treas 2pc IL '90(84.6)	120	–	1.22	3.14
103	99	Do. 2pc '92‡‡(97.8)	101½	–	2.55	3.32
96	93½	Do. 2 '94 (102.9)	95½	–	2.97	3.44
139	127	Do. 2pc '96(67.9)	137	–	3.12	3.46
114	103	Do 2½pc '01(78.3)	113	.....	3.71	3.95
131	101	Do. 2½pc '03(78.8)	110	.....	3.75	3.97
114	102	Do. 2pc '06(69.5)	112	.....	3.78	3.96
105	95	Do. 2½pc '09(78.8)	104	.....	3.79	3.96
109	99	Do. 2½pc '13(74.6)	108	–	3.80	3.96
91	82	Do. 2½pc '13(89.2)	90	–	3.78	3.93
98	88	Do. 2½pc '16(81.6)	97	–	3.74	3.88
96	87	Do. 2½pc '20(83.0)	94	–	3.70	3.82
81	73	Do. 2½pc '24‡‡(97.7)	79½	–	3.67	3.79

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for December 1987:103.3 and for July 1988:106.7

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
109	100	African Dv Bk 11¼Ln 2010	102	–	10.82	10.78
104	96	Asian Dev Bk 10¼pcLn2009	98	–	10.39	10.41
129	120	Australia 13¼pc 2010	123	–	10.92	10.68
112	103	Do. 11½pcLn2015	107	–	10.63	10.58
110	103	Euro Inv Bk 11pc Ln 2002	104	–	10.55	10.42
105	98	Do. 10¾pc2004	99	–	10.43	10.44
120	112	Int-Am Dev Bk 12½pc 2003	114	–	10.95	10.54
98	91	Do. 9¾pcLn 2015	93	–	10.41	10.45
96½	86	Mlysia 10¼pcLn 2009	95¼	–	11.29	11.35
111	87	Utd. Mexican States 16½pc 2008	109	–	15.12	15.04

CORPORATION LOANS

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
111	103½	Birmingham 15½pc 1989	103½	.....	13.04	9.48
115½	101	Do. 11½pc 2012	103½	.....	11.11	11.10
94	87	GLC 6¾pc 1990-92	88½	.....	7.63	10.80
130	139½	Leeds 13½pc 2006	128½	.....	11.20	10.97
34	26¼	Liverpool 3½pc Irred	33	.....	10.61	–
97	91	LCC 6¾pc '88-90	93½	.....	7.22	10.40
31	25	Do. 3pc '20 Aft	30	.....	10.00	–
112	100	Manchester 13½pc 2007	109½	.....	10.50	10.40

COMMONWEALTH & AFRICAN LOANS

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
93	87½	NZ 7¼pc 1988-92	87½	–	8.29	11.20
207	197	S Rhod 2½pc Non-Asstd	206	.....	–	–
80	71	Do. 4½pc 87-92 Asstd	80	.....	5.63	–
130	42	Zimbabwe Ann (£100pa)	47	.....	–	–

LOANS

Building Societies

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100	99	N'wide 10¾pc 12.9.88	99	–	10.82	11.36
100	99	Do. 10½pc 26.9.88	99	+	10.64	12.94
100	99	Do. 10¼pc 31.10.88	99	–	10.24	12.52
100	99	Do. 9¼pc 28.11.88	99	–	9.33	12.48
[illegible]						

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

Continued on next page

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

UNIT TRUST NOTES

[illegible]

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	Texaco $6.25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Time Inc. $1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Transamerica $1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	TRINOVA Corp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	USX $1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Utd. Technologies	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	US West	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Waste Management $1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Westinghouse $1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Woolworth $3½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
309p	173p	ABM Gold Corp ‖	203p	–12½	–	–	–
32p	11p	♥Abbot Energy Corp.	15½p	......	–	–	–
14¼	990p	♥Amer. Barrick Res.	10½	+⅛	–	–	–
10p	3½p	American Lightwave	3⅞p	–⅛	–	–	–
47p	15½p	♥Armeno	17¼p	+¼	–	–	–
76p	45p	Augmitto Expln.	57½p	......	–	–	–
13⅞	10⅝	Bk. Montreal ‖	12⅝	–⅛	$2.00	–	7.7
697p	514p	Bk. Nova Scot. ‖	633p	......	76c	–	5.8
18¾	15¼	BCE ‖	17½	......	$2.44	–	6.8
716p	591p	♥Bow Valley‖	652p	+4	†40c	–	3.0
13½	10½	♥Brascan‖	12⅛	+⅛	88c	–	3.5
328p	189p	♥Breakwater Res.	232p	......	10c	–	2.1
11⅞	801p	Can. Imp Bank‖	11⅛	+¼	$1.16	–	5.1
11½	841p	Can. Pacific ‖	10⅛	......	60c	–	2.9
41½	40	Do. 4pc Deb £100	40½	......	4%	–	9.9
515p	362p	Central Capital "A" ‖	466p	–1	–	–	–
495p	440p	♥Corona Corp.	448p	–7	–	–	–
896p	288p	Cons. TVX Min.	364p	+11	–	–	–
361p	76p	Danbus Res.	352p	+5	–	–	–
686p	430p	Derlan Inds	568p	–1	11.75c	–	1.0
14½	984p	♥Echo Bay Mines	10⅞	......	$0.07	–	0.4
40p	26p	Energex Minerals	26½p	–1½	–	–	–
125p	83p	Euro-Asia Capital Ltd.	100p	–3	–	–	–
386p	222p	♥Galactic Resources	287p	......	–	–	–
125p	90½p	♥Geodome Res.	97p	+1	–	–	–
394p	196p	Granges Expln‖	227p	+14	–	–	–
17p	8½p	♥Gt Pacific Res.	8½p	–1	–	–	–
903p	652p	♥Gulf Canada‖	849p	+8	52c	–	5.0
12⅛	816p	♥Hawker Sid Can‖	10½	......	$1.08	–	3.0
590p	344p	Henlys Group	430p	–1	–	–	–
957p	785p	♥Hudson's Bay ‖	889p	......	60c	–	3.3
28	22⅞	♥Imperial Oil‖	23⅞	......	$1.80	–	3.4
20⅞	10⅛	Inco‖	18½	+½	US$0.80	–	2.5
718p	462p	♥Inland Nat. Gas $1	550p	–1	60c	–	3.3
250p	150p	Madeleine Mines	194p	......	–	–	–
207p	126p	♥Muscocho Expln.	194p	......	–	–	–
187p	75p	♥Ntnl Business Syst.‖	90p	......	–	–	–
245p	110p	♥Nevada Goldfields	186p	–5½	–	–	–
12	787p	♥Rio Algom	10⅛	......	$1.30	–	6.3
16⅛	11½	Royal Bk. Can. ‖	15⅛	+¼	$2.08	–	6.7
34⅞	26⅝	Seagram‖	31⅛	......	US$1.20	–	2.3
361p	167¼p	♥Sonora Gold Corp‖	167¼p	–½	–	–	–
121p	16p	Spiral Eng.	117p	–½	–	–	–
150p	35p	Tara Pure Tech. Corp ‖	127p	......	–	–	–
16⅛	11⅛	Toronto-Dom. Bk ‖	15⅛	+¼	$1.12	–	3.5
64p	14p	♥Trans Atlantic Res ‖	21p	–½	–	–	–
684p	566p	♥Trans Can Pipe	621p	......	68c	–	3.3
205p	127p	Varity Corp‖	167p	+6	8	–	–

BANKS, HP & LEASING

1988 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*243	124	ANZ $A1	234	+1	†Q21c	3.1	4.3	7.4
281	200	Allied Irish β	253	–1	Q65.3%	3.1	5.4	8.0
£13¼	£10⅞	Algemene Fl.10	£12⅛	......	Q27%	1.9	6.6	–
73	58	Anglo Irish γ	65	......	Q19.69%	1.2	6.3	20.3
90	64	Ansbacher (H.) 1p. β	81	–2	2.0	–	3.3	–
£40½	£24⅞	Banco de Bilbao S.A.	£36½	+⅞	Q67.2%	3.1	4.5	7.0
£35⅝	£27⅞	Banco de Santander	£30⅞	+⅝	Q22%	2.4	1.7	24.2
*268	184	Bank Ireland Ir£1. β	229	–1	Q15.67%	3.3	5.7	7.1
£18¼	£15	Bank Leumi	£18½	......	–	–	–	–
350	350	Bank Leumi (U.K.)	350	......	12.4	–	4.7	–
399	335	Bank Scotland £1. β	345	–2	†12.6	4.1	4.9	6.7
*65	45	Bank of Wales	59xd	–5	g2.8	2.6	6.3	8.5
*463	302	Barclays £1 α	395	......	†19.93	3.5	6.9	5.5
38	26	Benchmark 20p γ	28	–1	1.63	1.6	7.7	11.0
435	348	Brown Shipley £1 γ	348	–2	10.5	–	4.0	–
77	47	Business Mort Tst. γ	60	–2	–	–	–	–
394	340	Cater Allen £1 β	349	......	22.5	–	8.6	–
270	175	Chancery γ	255	–10	6.0	2.9	3.1	14.7
£15⅛	£13¼	Commerzbk DM10	£14¼	......	Q18%	–	4.1	–
£23⅛	£18	C'hgn.Hbk.Kr100	£20⅞	–¼	†Q15%	–	3.9	–
£154⅞	£114⅞	Deutsche Bk DM50.	£144⅞	+⅛	Q24%	–	2.6	–
270	207	First Nat. Fin. 10p. β	207	–3	†8.75	2.9	5.6	6.7
145	108	FNFC 6.3pc CnRedPref γ	108	–2	6.3%	–	7.8	–
39	15½	♥First Pac. Hldg. 50c	27	......	Q2.6c	5.6	3.9	3.0
£15¼	£12¼	Fuji Bank Y50	£13⅞	......	Q14.3%	♦	0.3	♦
340	266	Gerrard & National β	266	......	18.0	–	9.0	–
136	110	Goode Durrant 5p. γ	128	–4	±3.3	–	3.5	–
123	90	Guinness Mahon 10p β	123	......	–	–	–	–
285	222	Hambros 20p. β	222	–6	9.0	–	5.4	–
50	40	HK & Shang. HK$2.50	46	+2	†Q38c	–	6.3	–
440	413	Joseph (Leo) £1 γ	420xd	–5	14.38	–	4.6	–
158	134	King & Shaxson 20p. γ	136	–1	9.25	–	9.1	–
407	321	Kleinwort Benson Grp. β	360	–8	14.0	–	3.2	–
317	238	Lloyds £1 α	292	......	†13.2	4.6	6.0	4.6
37	45	Lon. Scot. Bank 10p. γ	45	–1	†1.8	1.9	5.3	11.6
211	62	MCorp $5	88	+14	–	–	–	–
448	370	Midland £1 α	395	–2	†20.1	5.0	6.8	5.3
355	236	Morgan Grenfell £1. β	289	–5	10.85	–	5.0	–
*315	146	Nat Aust. Bk. A$1	304	......	‡Q24.7c	2.1	3.9	12.1
605	522	Nat. West. £1 α	528	+3	†24.0	5.0	6.1	4.4
£225	£130	Ottoman Bank	£215	......	Q80%	–	3.7	–
111	75	Rea Bros. Group γ	75	......	‡1.75	–	–	–
*149	94	Rothschild (J) Hldgs. β	142xd	+2	8.0	3.1	7.5	5.7
40	21½	♥Rothwells A$0.50.	21½	–5	Q12.5c	7.1	24.1	0.6
380	297	Royal Bk. Scotland α	339	......	†12.7	4.3	5.0	6.1
150	120	Scandinavian Bk Units β	137	–2	18.0	–	7.9	–
£10	850	Schroders £1 γ	950	......	16.5	–	2.3	–
851	675	Do. £1 N/V γ	760	+10	16.5	–	–	–
£23¼	£13⅞	Sec. Pacific $10	£21⅞	+¼	Q$1.80	–	4.9	–
553	407	Standard Chartd. £1 α	498	......	35.0	0.9	9.6	Φ5.1
117½	96	TSB α	101xd	......	†aW4.7	3.2	6.4	6.8
150	135	♦TSB Ch'nel Is'l β	149	......	†5.4	2.8	4.4	9.5
595	501	Union Discount £1 β	537	......	†h28.7	–	7.1	–
355	287	Warburg (S.G.) β	288	–4	11.5	–	5.3	–
133	107	Do 6pc A Cnv Prf. γ	107	......	6%	–	7.5	–
£38⅞	£23	Wells Fargo $5	£37	+¼	Q$2.40	–	3.8	–
*286	125	Westpac $A1	269xd	–2	†‡Q23¼c	2.6	4.3	9.0
458	443	Wintrust 20p γ	453xd	+5	6.95	♦	2.0	♦

Hire Purchase, Leasing, etc.

High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
212	155	Anglo Leasing 10p. γ	187	–5	3.5	5.2	2.5	9.8
*174	150	CLF 50p γ	166xr	–5	n1.74	8.5	1.4	9.2
116	106	Do. 6¼pc Cv Pf 50p. γ	106	–1	6.25	–	7.9	–
71	54	Cattle's (Hdgs) 10p. β	65	......	†2.5	2.1	5.2	12.0
£49½	£30¾	Cie B'cre Fr.100	£39⅞	+1¼	Q10%	–	2.4	–
38	24	Equity & Gen 5p γ	35	......	1.35	2.2	5.3	10.3
369	314	Prov. Financial β	316	–2	16.0	2.2	6.8	8.8
125	41	♦Reflex Invs. Ir5p. γ	115	......	Q28.6%	♦	1.1	♦
199	140	Woodchester IR20p. γ	164	–8	†Q8.65%	5.7	0.9	28.9

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

طبق الأصل

هكذا من الأصل

LONDON SHARE SERVICE

LEISURE—Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING — Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

60	33	Propeller 1p......y	42	−1	−	−	20.3
31	13	Publishing Hldgs.5p..y	21	......	−	−	12.6
237	150	Royal Sovereign 10p..y	225	−5	4.6 1.9	2.7	21.1
26	22½	Scott Pickford 10p...y	25	......	3.1 0.7	16.5	13.0
116	68	Seacon Hldgs..........y	111	......	−	−	−
13½	13	Sonic Tape 2½p.....y	13	......	n−	−	17.1
27	18	Stats Hldgs 5p.....y	21	−1	−	−	♦
4½	2¾	Swanyard Studios 1p y	2¾	−¼	−	−	♦
298	200	Takare................y	273	−5	b1.0 8.1	0.5	28.0
[illegible]	41	Theme Holdings....y	66	+1	♦1.1 ♦	2.2	♦
[illegible]	26	Tomorrows Leisure 20p y	30	......	−	−	♦
[illegible]	11½	Yellow Oil 10p.....y	19	......	−	−	−
[illegible]	112	UPL Group 10p.....y	112	−10	L2.41 4.3	2.9	11.2
[illegible]	120	Unit Group..........y	178	......	5.0 ♦	3.7	♦
[illegible]	85	Video Tape Rec 5p. y	110	−5	L2.3 2.3	2.8	11.8

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ∥ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.....y	71	......
Craig & Rose £1...y	690	−10
Finlay Pkg. 5p.....y	88	......
Holt (Jos) 25p.....y	£11¼	+¼

IRISH

Nat. 9¾% 84/89..	£100¼	......
9pc Cap Ln. 1996..	£99½	......
Fin. 13% 97/02...	£119	......
Arnotts..............y	368	......
Carrol Inds.........y	155	−5
Grafton Grp.........y	127	−3
Hall (R. & H.)......y	153	−4
Helton Hldgs.......y	53	−3
Irish Ropes.........y	163xd	......

For Unidare see Electricals

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	16
BAT	36
BOC Grp.	36
BSR	0
BTR	22
Barclays	35
Beecham	42
Blue Circle	38
Boots	19
Bowaters	35
Brit Aerospace	35
Brit. Telecom	21
Burton Ord	21
Cadburys	32
Charter Cons	30
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	85
GEC	11
Glaxo	85
Grand Met	45
GUS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd	48
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen	25
Lex Service	33
Lloyds Bank	26
Lucas Inds	50
Marks & Spencer	17
Midland Bk	37
Morgan Grenfell	38
NEI	10
Nat West Bk	52
P & O Dfd	52
Plessey	16
Polly Peck	30
Racal Elect	32
RHM	30
Rank Org Ord	64
Reed Intnl	36
STC	24
Sears	11
TI	20
TSB	9
Tesco	14
Thorn EMI	60
Trust Houses	13
T&N	17
Unilever	42
Vickers	14
Wellcome	45
Property	
Brit Land	30
Land Securities	52
MEPC	52
Peachey	50
Oils	
Brit. Gas	15
Brit Petroleum	24
Burmah Oil	50
Charterhall	3
LASMO	40
Premier	7½
Shell	95
Ultramar	26
Mines	
Cons Gold	95
Lonrho	20
RTZ	35

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tuesday August 30 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Fri Aug 26 Index No.	Thu Aug 25 Index No.	Wed Aug 24 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (210)	757.54	-1.8	10.69	4.23	11.60	17.16	771.61	782.56	805.56	953.86
2 Building Materials (29)	952.54	-2.2	12.01	4.47	10.22	21.41	973.98	995.53	1028.17	1202.41
3 Contracting, Construction (37)	1504.82	-2.0	11.14	3.58	11.70	27.59	1535.79	1572.39	1618.80	1705.41
4 Electricals (12)	2078.37	-1.2	9.05	4.85	13.60	49.65	2095.48	2107.80	2163.10	2444.73
5 Electronics (31)	1660.83	-1.0	10.42	3.63	12.32	40.30	1678.44	1688.57	1744.56	2019.04
6 Mechanical Engineering (57)	399.68	-2.1	10.31	4.37	12.84	9.23	408.07	412.82	425.41	519.27
8 Metals and Metal Forming (7)	452.92	-2.7	10.41	4.19	11.88	7.95	465.52	474.91	488.37	558.94
9 Motors (14)	263.89	-2.5	12.33	4.99	9.36	6.62	270.74	274.98	281.69	385.17
10 Other Industrial Materials (23)	1244.51	-1.8	9.45	4.61	12.66	28.49	1266.88	1282.98	1311.05	1629.51
21 CONSUMER GROUP (185)	1036.45	-1.4	9.53	3.83	13.25	19.26	1051.67	1062.06	1081.85	1304.86
22 Brewers and Distillers (21)	1069.21	-1.3	10.93	3.81	11.54	20.84	1083.01	1093.46	1117.21	1156.66
25 Food Manufacturing (21)	935.77	-1.1	9.27	3.96	13.00	17.95	946.22	950.31	967.53	1010.70
26 Food Retailing (16)	1907.42	-1.0	9.07	3.49	14.54	38.49	1926.96	1938.77	1956.97	2415.16
27 Health and Household (12)	1777.65	-0.4	7.01	2.76	16.55	18.01	1784.23	1787.49	1815.43	2520.77
29 Leisure (30)	1291.12	-1.9	9.58	3.95	13.39	28.32	1316.48	1334.28	1362.09	1368.76
31 Packaging & Paper (17)	488.03	-2.4	10.07	4.18	12.73	9.98	500.15	512.86	525.11	695.23
32 Publishing & Printing (18)	3311.19	-2.3	8.63	4.61	14.55	73.53	3387.42	3444.45	3514.07	4574.58
34 Stores (34)	752.38	-2.2	11.03	4.40	11.92	15.08	769.66	786.31	809.39	1066.74
35 Textiles (16)	545.99	-2.9	12.66	5.00	9.27	12.65	562.01	566.06	581.10	808.54
40 OTHER GROUPS (93)	864.97	-0.8	11.52	4.56	10.61	19.92	871.85	875.14	890.72	1132.87
41 Agencies (19)	1055.05	-0.7	8.59	2.58	14.71	18.11	1062.74	1067.93	1089.17	1698.86
42 Chemicals (21)	1019.25	-0.3	12.53	4.98	9.58	35.79	1022.43	1023.73	1043.96	1467.69
43 Conglomerates (13)	1159.60	-1.7	11.00	4.66	10.49	22.91	1179.98	1184.29	1212.98	1449.15
45 Shipping and Transport (12)	1859.62	-1.1	11.59	4.83	11.42	34.38	1880.27	1899.97	1940.06	2258.88
47 Telephone Networks (2)	920.72	-0.6	12.06	4.84	10.75	28.38	925.97	931.22	944.90	1083.69
48 Miscellaneous (26)	1196.46	-0.5	11.45	4.32	9.99	24.64	1202.34	1201.48	1214.56	1638.17
49 INDUSTRIAL GROUP (488)	928.92	-1.4	10.39	4.14	11.97	19.41	941.80	950.61	970.86	1181.80
51 Oil & Gas (12)	1707.33	-0.6	11.07	6.33	11.60	64.62	1717.99	1722.98	1772.58	2270.46
59 500 SHARE INDEX (500)	995.03	-1.3	10.48	4.44	11.92	23.20	1007.78	1016.31	1039.01	1274.21
61 FINANCIAL GROUP (122)	665.93	-0.7	–	5.24	–	18.46	670.52	674.62	693.33	815.74
62 Banks (8)	638.21	—	22.43	6.84	5.98	25.83	637.91	642.07	659.36	817.48
65 Insurance (Life) (8)	1003.75	-0.7	–	5.01	–	24.97	1010.77	1014.17	1042.36	1089.42
66 Insurance (Composite) (7)	521.70	-0.9	–	5.92	–	15.67	526.38	525.70	540.16	615.57
67 Insurance (Brokers) (7)	935.14	-1.0	10.30	6.01	12.55	31.74	951.90	956.94	985.63	1250.58
68 Merchant Banks (11)	335.28	-1.7	–	4.27	–	7.08	341.09	344.76	353.47	494.87
69 Property (51)	1140.42	-1.1	5.57	2.84	23.81	15.18	1152.59	1165.79	1200.48	1255.42
70 Other Financial (30)	360.76	-0.9	10.86	5.40	11.57	9.54	363.96	365.80	375.20	553.31
71 Investment Trusts (78)	886.27	-0.9	–	3.18	–	13.49	894.65	900.18	916.44	1135.81
81 Mining Finance (2)	518.03	-0.8	9.25	3.63	12.23	8.12	521.99	522.73	534.62	651.28
91 Overseas Traders (8)	1134.69	-1.0	10.14	4.92	11.58	35.31	1145.86	1148.78	1176.23	1182.38
99 ALL-SHARE INDEX (710)	911.07	-1.2	–	4.52	–	21.56	921.68	928.91	950.34	1156.31

	Index No.	Day's Change	Day's High	Day's Low	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	Year ago
FT-SE 100 SHARE INDEX ‡	1754.8	-15.9	1766.1	1745.2	1770.7	1780.2	1819.2	1817.9	1832.3	2249.3

FIXED INTEREST

PRICE INDICES	Tue Aug 30	Day's change %	Fri Aug 26	xd adj. today	xd adj. 1988 to date
British Government					
1 5 years	118.86	-0.02	118.88	–	7.89
2 5-15 years	133.63	-0.24	133.94	–	9.34
3 Over 15 years	144.87	-0.16	145.10	–	8.78
4 Irredeemables	163.34	-0.25	163.76	–	8.49
5 All stocks	131.57	-0.15	131.77	–	0.82
Index-Linked					
6 5 years	126.35	-0.08	126.46	–	1.81
7 Over 5 years	120.31	-0.07	120.40	–	2.43
8 All stocks	120.63	-0.07	120.72	–	2.37
9 Debentures & Loans	116.53	-0.34	116.93	–	7.11
10 Preference	90.16	-0.55	90.67	–	3.61

AVERAGE GROSS REDEMPTION YIELDS		Tue Aug 30	Fri Aug 26	Year ago (approx.)
British Government				
1 Low	5 years	10.09	10.04	9.62
2 Coupons	15 years	9.69	9.65	9.90
3	25 years	9.35	9.32	9.70
4 Medium	5 years	10.47	10.44	10.44
5 Coupons	15 years	9.92	9.89	10.14
6	25 years	9.61	9.58	9.92
7 High	5 years	10.61	10.58	10.50
8 Coupons	15 years	10.06	10.02	10.33
9	25 years	9.61	9.59	9.95
10 Irredeemables	†	9.97	9.95	9.85
Index-Linked				
11 Inflation rate 5%	5yrs.	3.28	3.24	3.35
12 Inflation rate 5%	Over 5 yrs.	3.88	3.88	3.98
13 Inflation rate 10%	5 yrs.	2.21	2.16	3.25
14 Inflation rate 10%	Over 5 yrs.	3.71	3.71	3.97
15 Debs &	5 years	11.21	11.04	11.42
16 Loans	15 years	11.12	11.02	11.41
17	25 years	11.07	11.00	11.41
18 Preference	†	10.05	9.98	10.83

‡Opening index 1766.1; 10 am 1758.2; 11 am 1753.0; Noon 1746.8; 1 pm 1751.2; 2 pm 1753.3; 3 pm 1751.8; 3.30 pm 1751.5; 4 pm 1749.9

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	19	73	21
Corporations, Dominion and Foreign Bonds	4	27	21
Industrials	119	971	509
Financial and Properties	66	309	285
Oils	16	47	44
Plantations	0	7	6
Mines	21	90	82
Others	88	83	92
Totals	333	1,607	1,060

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§145	F.P.	-	173	145	Christie Group 2p	168		t3.5	3.1	2.8	15.4
§75	F.P.	16/9	83	77	Dickensinster 10p	77	-2	N1.13	2.0	1.9	33.7
§95	F.P.	-	108	88	Eurocopy 5p	88		R2.19	2.5	3.3	15.2
§115	F.P.	22/8	165	128	‡Linear Group 10p	161	-2	3.7	2.5	3.1	15.0
†	F.P.	-	104	79	Lowndes Ventures 5p	80	-2	5.75	0.7	9.6	19.4
120	F.P.	-	151	123	National Telecom 5p	134	-3	L2.0	4.1	2.0	13.1
§100	F.P.	28/7	106	91	Needler Group	92		u09.8	2.1	4.6	10.2
60	F.P.	26/8	74	55	‡Optim Group 10p	55	-3	-	-	-	18.8
♦	F.P.	-	88	76	RIT Capital Partners £1	76		-	-	-	-
§140	F.P.	27/7	161	140	‡Reject Shop 5p	140		t3.15	2.2	3.0	18.1
§60	F.P.	-	62	61	*Rentaminster 5p	61		u1.0	4.3	2.2	14.3
§40	F.P.	5/8	141	111	Rockfort Group 20p	111	-4	R3.9	3.3	4.7	7.2
§125	F.P.	19/8	133	123	Savills 5p	123		13.0	2.5	3.3	13.6
♦	F.P.	-	143	115	Seafield	124		-	-	-	-
-	F.P.	-	68	60	Tamaris 10p	60	-5	u2.0	0.4	4.4	-
–	F.P.	-	23	14	Waverley Mining Warrants	23	+2	-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
♦	F.P.	-	96p	93p	Alexon Group 6.25p Cv. Rd. Pf. 10p	93p	-1
100p	F.P.	-	115p	113p	‡Bonded Laminates 8p Cv Rd Pf 10p	113p	
101.09	F.P.	-	102p	101p	Brent Chemicals Int. 9pc Cm Rd Pf	101p	
100p	F.P.	-	100p	94p	Dares Estates 7.75pc Cm Cn Rd Prf	94p	-3
§101.2	F.P.	9/9	101½	99¼	Lon & Edin Tst 8¾ 1st Cm Rd Pf 2013	99¼	+½
§100.9	F.P.	-	99¼p	98½p	McCarthy & Stone 8.75pc Rd. Pf. 2003	98½p	-¼
-	F.P.	-	100	98¾	N'wide Ang. 11¼pc 7.8.89	98¾	-¾
-	F.P.	-	100	99¾	Do. 11¼pc 29.8.89	99¾	
100p	Nil	29/9	20pm	2pm	Pleasurama 7.75pc Cv Cm Rd Pf	2pm	-5
♦	F.P.	-	86½	78½	RIT Capital Ptnrs 2½pc Cv Uns Ln 2000	79	-1½
100	F.P.	-	104p	98p	Tamaris 8½pc Cv. Rd. Pf. 2003	98p	-6
§100p	F.P.	-	96p	95p	York Trust Grp. Rd. Cm. Cv. Pf. 20p	95p	-1

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
37.5	Nil	7/10	27pm	16pm	Amber Day Hldgs. 2½p	18pm	+1
350	Nil	-	45pm	40pm	‡Creighton Laboratories 20p	40pm	
18	Nil	21/9	3pm	½pm	Energy Capital 1p	½pm	
30	Nil	5/10	14pm	7pm	‡F & H Group 10p	7pm	-4
205	Nil	30/9	41pm	27½pm	Fisons	28pm	+½
230	Nil	5/9	25pm	¼pm	‡Highland Participants 25p	¼pm	-¼
175	Nil	29/9	83pm	37pm	Pleasurama 5p	37pm	-7
180	Nil	-	17pm	8pm	TACE 10p	8pm	
30	Nil	23/9	21pm	11pm	‡Union Square	11pm	
25	Nil	12/9	10pm	3pm	Wilshaw 5p	3pm	-½

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. e Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. § Offered to holders of ordinary shares as a "rights". t Introduction. §Placing price. †† Reintroduction. ¢ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ‡ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

- First Dealings Aug 22
- Last Dealings Sep 9
- Last Declarations Nov 24
- For settlement Dec 5

For rate indications see end of London Share Service

Stocks dealt in for the call included Amstrad, Far East Resources, Dee Corporation, PML Group, Spring Ram, Barton Group, Kelt Energy, Stormgard, Raglan Property, Rea Bros., Trusthouse Forte, West Trust, Barratt Developments, Regentcrest, Standard Chartered and Ladbroke. No calls were reported but double options were arranged in BSR and Kelt Energy.

LONDON TRADED OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied Lyons (*387)	360	38	–	–	2	–	–
	390	17	26	35	13	20	23
	420	6	13	21	37	40	45
Brit. Airways (*149)	140	14	20	23	3½	7	10
	160	4	8	13	18	21	25
	180	1	3	–	33	36	–
Brit. & Comm. (*223)	220	12	18	23	11	13	16
	240	4	9	14	25	26	28
	260	2	5	8	43	43	43
B.P. (*238)	240	8	16½	19½	8½	11	17
	260	1½	7½	10	23	23	30
	280	½	3½	4½	43	43	47
Bass (*753)	750	32	45	57	18	33	37
	800	10	20	33	50	63	67
	850	2	7	–	100	105	–
Cable & Wire (*364)	330	43	53	62	4	10	13
	360	22	32	43	12	20	25
	390	9	18	25	33	38	42
Cons. Gold (*977)	950	67	110	135	40	54	64
	1000	40	85	100	72	83	98
	1100	20	52	70	145	155	165
Courtaulds (*310)	300	24	–	–	4	–	–
	330	8	18	25	24	30	32
	360	2	0	15	52	52	53
Com. Union (*341)	300	48	58	–	1	5	–
	330	25	38	42	11	14	22
	360	12	22	26	26	30	39
G.E.C. (*155)	140	17	21	27	2½	4	6
	160	4½	9	14	10	11	15
	180	1	4	6	28	30	32
G.K.N. (*310)	280	37	47	–	2	5	–
	300	20	29	36	6	10	13
	330	4½	13	19	22	24	29
Grand Met. (*491)	460	45	62	67	5	11	16
	500	17	35	40	20	24	32
	550	4	14	19	60	62	67
I.C.I. (*995)	950	72	98	–	10	22	–
	1000	38	70	80	30	40	57
	1100	7	26	35	107	107	120
Jaguar (*240)	240	12	20	–	14	18	–
	260	5	12	17	27	32	35
	280	3	7½	11	47	48	57
Land Securities (*533)	500	43	57	68	4½	13	20
	550	17	27	38	27	32	37
	600	3	12	20	70	72	75
Marks & Spencer (*155)	160	5½	12	14	9	10	12
	180	1	4	7	26	28	28
	200	1	1½	–	46	47	–
Britoil (*500)	420	–	–	–	1	–	–
	460	–	–	–	5	–	–
	500	–	–	–	14	–	–
Rolls-Royce (*127)	120	10	14	19	4	7	8
	130	5	9	13	8½	12	14
	140	2	5	8	16	18	22
STC (*250)	240	20	30	–	5	10	–
	260	8	18	24	14	20	18
	280	3	10	15	32	33	34
Sainsbury (*210)	200	16	22	26	5	7	8
	220	3	10	13	13	17	19
	240	1	4	–	32	32	–
Shell Trans. (*992)	950	55	–	–	21	–	–
	1000	25	55	68	47	55	77
	1100	3	16	27	135	135	152
Storehouse (*208)	220	0	14	28	18	23	30
	240	2½	8	16	35	37	42
	260	2	4	9	55	55	57
Trafalgar House (*304)	300	18	23	28	8	17	20
	330	5	9	13	30	32	37
	360	2	3	–	60	62	–
T.S.B. (*101)	90	13	16	–	1	2	–
	100	5	9	11	3	5	7
	110	2	4½	5½	11	12	12½
Utd. Biscuits (*266)	280	8	14	20	17	21	24
	300	3	8	12	35	36	38
Ultramar (*249)	240	23	35	–	9	16	–
	260	11	26	32	18	28	34
	280	5½	17	22	34	40	47
Woolworth (*237)	240	10	20	37	11	17	20
	260	5	13	18	26	30	26
	280	1	7	12	45	45	47

Option		Calls Nov.	Calls Feb.	Calls Apr.	Puts Nov.	Puts Feb.	Puts Apr.
Ladbroke (*436)	390	55	83	–	4	7	–
	420	30	43	48	11	15	17
	460	10	22	27	33	37	38

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Brit Aero (*486)	460	40	57	65	15	23	25
	500	19	36	43	37	42	43
BAA (*259)	255	16	–	–	7	–	–
	260	–	20	26	–	14	17
	265	11	–	–	12	–	–
BAT Inds (*439)	390	54	67	73	4	7½	13
	420	31	45	53	12	17	23
	460	12	25	32	35	38	45
Brit. Telecom (*230)	220	19	22	26	6	9	11
	240	7	12	16	14	18	21
Cadbury Schweppes (*361)	330	42	55	–	5	11	–
	360	22	37	43	18	24	30
	390	12	21	27	40	40	46
Guinness (*303)	300	16	24	28	11	16	18
	330	3	11	15	30	33	38

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov	Puts Feb	Puts May
LASMO (*384)	360	38	38	–	10	20	–
	390	19	40	48	24	34	40
	420	9	27	38	45	52	60
P. & O. (*560)	500	70	80	–	4	7	–
	550	30	45	55	20	27	30
	600	10	23	30	52	55	62
Pilkington (*198)	180	26	28	–	3½	4	–
	200	14	17	22	0	12	14
	220	4½	10	13	25	25	30
Plessey (*157)	140	22	26	32	2	5	11
	160	9	13	18	10	12	17
	180	3	7	11	25	27	29
Prudential (*153)	150	9	–	–	5	–	–
	160	4	7	10	12	14	16
Racal (*302)	280	34	–	–	5	–	–
	300	21	33	41	13	18	23
	330	9	20	26	31	38	41
R.T.Z. (*432)	390	55	70	80	6	12	17
	420	33	50	64	15	25	30
	460	12	30	40	37	45	55
Vaal Reefs (*$72)	70	8	12	14	3½	7	8½
	80	3½	7½	9½	9½	14	16

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Amstrad (*202)	200	12	20	28	0	14	17
	220	3½	11	18	21	23	25
Barclays (*395)	360	36	40	–	3	0	–
	390	–	–	30	–	–	30
	395	8	18	–	20	25	–
Beecham (*465)	460	19	31	45	9	19	24
	500	3	12	25	37	42	47
BTR (*268)	260	13	19	28	5	10	12
	280	3½	10½	18	10	21	22
Blue Circle (*417)	390	30	45	55	5	12	20
	420	13	28	38	20	27	32
	460	2½	12	23	50	53	57
Dixons (*153)	160	5	11	16	13	13	15
	180	2	6	9	30	31	32
	200	½	3	4	49	51	52
Glaxo (*938)	850	100	115	–	3	17	–
	900	53	77	108	10	35	43
	950	23	48	78	30	57	65
Hawker Sidd. (*507)	460	60	67	78	2	6	9
	500	25	37	52	10	22	38
	550	4	15	27	45	52	58
Hillsdown (*269)	260	15	23	32	3	9	12
	280	3	12	20	15	20	23
	300	1	5	12	32	32	36
Hanson (*135)	130	7½	11½	13½	1½	4½	5½
	140	2	6	0	6½	9½	10½
	160	½	1½	3	25½	26	26½
Lonrho (*246)	240	2½	21	26	4	9	16
	260	2	9½	13	17	21	27
Midland Bk (*396)	390	16	27	35	7	13	20
	420	3	12	20	27	27	38
Sears (*135)	130	10½	16	21	3½	0	9
	140	5	10	16	0	13	15
	160	1½	4½	9	26	27	28
Tesco (*140)	140	4	10	13	6	9	11
	160	½	2	5	22	24	26
Trusthouse Forte (*231)	220	17	26	29	2	6	11
	240	5½	14	18	13	16	23
	260	1½	6	9	30	32	35
Thorn EMI (*628)	550	85	97	–	1	5	–
	600	38	57	65	6	13	22
	650	8	25	35	30	40	48
Unilever (*437)	420	25	38	52	3½	12	17
	460	5	17	30	26	33	37
	500	1	6	16	65	68	70
Wellcome (*492)	460	42	58	–	3½	13	–
	500	15	33	50	19	30	35

Option		Calls Sep	Calls Dec	Calls Apr	Puts Sep	Puts Dec	Puts Apr
Boots (*207)	200	14	20	26	7	11	14
	220	4	9	16	13	22	23
	240	1	4	9	34	35	36

Option		Calls Oct	Calls Jan	Calls Mar	Puts Oct	Puts Jan	Puts Mar
British Gas (*174)	160	17½	22½	23½	1½	2½	4
	170	10	–	–	3½	–	–
	180	4½	9½	11½	8½	10	12

Option		Calls Sep	Calls Nov	Calls Jan	Puts Sep	Puts Nov	Puts Jan
RHM (*409)	390	28	38	47	3	9	17
	420	8	17	23	17	22	30
	460	1½	6	13	53	55	57

Option		Calls Aug	Calls Nov	Calls Feb	Puts Aug	Puts Nov	Puts Feb
Conv. 9½% 2005 (*98)	98	[illegible]	1[illegible]	2[illegible]	[illegible]	1	1[illegible]
	100	[illegible]	1	1[illegible]	1[illegible]	2[illegible]	2[illegible]
	102	[illegible]	[illegible]	1[illegible]	3[illegible]	3[illegible]	3[illegible]
Tr. 12% 1995 (*107)	106	[illegible]	1[illegible]	1[illegible]	[illegible]	[illegible]	1[illegible]
	108	[illegible]	[illegible]	[illegible]	1[illegible]	1[illegible]	2[illegible]
	110	[illegible]	[illegible]	[illegible]	3[illegible]	3[illegible]	3[illegible]

Option		Calls Aug.	Calls Sep.	Calls Oct.	Calls Nov.	Puts Aug.	Puts Sep.	Puts Oct	Puts Nov.
FT-SE Index (*1750)	1650	103	110	120	130	½	9	18	25
	1700	53	68	85	95	½	18	30	40
	1750	7	34	52	65	6½	35	48	60
	1800	½	16	28	40	53	65	78	88
	1850	½	7	17	28	103	110	112	123
	1900	½	3	8	15	153	155	157	162
	1950	½	½	5	10	203	205	207	208
	2000	½	½	3	6	253	255	257	257

August 30 Total Contracts 26,889 Calls 14,901 Puts 11,988
*FT-SE Index Calls 2038 Puts 3590
*Underlying security price.

DOME PETROLEUM LIMITED

Notice is hereby given to the holders (the "Holders") of the U.S.$75,000,000 Floating Rate Notes due 1988, the U.S.$50,000,000 Floating Rate Notes due 1989, the U.S.$3,130,000 16¼% Fixed Rate Notes due 1989, the U.S.$50,000,000 10% Debentures Due 1994 and the U.S.$50,000,000 13⅞% Debentures Due 1992 (collectively, the "Notes and Debentures") of Dome Petroleum Limited (the "Company") that the plan of arrangement under the Canada Business Corporations Act (the "Plan of Arrangement") to combine the business and operations of the Company and Amoco Canada Petroleum Company Ltd. ("Amoco Canada") received the final approval of the Court of Queen's Bench of Alberta, Canada on 14th July, 1988. At the present time it is expected that the Plan of Arrangement will become effective on 1st September, 1988 (the "Effective Date"); however, no assurance is given that the Plan of Arrangement will become effective on such date. A subsequent notice will be published in this newspaper as soon as practicable following the Effective Date to confirm that the Plan of Arrangement has become effective.

Holders of the Notes and Debentures will be entitled to payments by Amoco Canada under the Plan of Arrangement on the day following the Effective Date and thereafter upon surrender of the Notes and Debentures and certain of the Coupons relating thereto to the respective Paying Agents for the Notes and Debentures. Holders are referred to the Information Circular dated 29th April, 1988 for further information concerning the Plan of Arrangement.

This Notice has been issued by Dome Petroleum Limited which is solely responsible for its contents. The Notice has been approved, in accordance with the rules of The Securities Association, by Morgan Stanley International, a member of The Securities Association.

Wells Fargo & Company
U.S. $150,000,000
Floating Rate Subordinated Notes due 1992

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 31st August, 1988 to 30th November, 1988 the Notes will carry an Interest Rate of 8.475% per annum. Interest payable on the relevant interest payment date 30th November, 1988 will amount to US$70.62 per US$10,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

Wells Fargo & Company
U.S. $200,000,000
Floating Rate Subordinated Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 31st August, 1988 to 30th November, 1988 the Notes will carry an Interest Rate of 8½% per annum. Interest payable on the relevant interest payment date 30th November, 1988 will amount to US$70.83 per US$10,000 Note and US$354.15 per US$50,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

GRANVILLE
SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
238	185	Ass. Brit. Ind. Ordinary	238	0	8.7	3.7	8.9
238	186	Ass. Brit. Ind. CULS	238	0	10.0	4.2	–
40	25	Armitage and Rhodes	35	0	–	–	–
57	37	BBB Design Group (USM)	37	-1	2.1	5.5	5.9
169	155	Bardon Group	169	0	3.3	2.0	23.9
115	100	Bardon Group Conv. Pref.	115	0	6.7	5.8	–
148	133	Bray Technologies	133	-1	5.2	3.9	10.6
150	100	Brenbill Conv. Pref.	110	0	11.0	10.0	–
287	246	CCL Group Ordinary	284	-1	12.0	4.3	4.3
161	124	CCL Group 11% Conv.Pref	124	-1	15.7	12.7	–
151	129	Carlo Plc (SD)	150	0	6.1	4.1	9.2
131	100	Carlo 7.5% Pref (SD)	112xd	0	10.3	9.2	–
355	290	George Blair	305	0	9.3	3.0	6.7
97	60	Isis Group	97	0	–	–	–
118	87	Jackson Group (SD)	112xd	0	3.4	3.0	12.4
350	245	Multihouse NV (AmstSD)	340	0	–	–	–
111	40	Robert Jenkins	111xd	0	7.5	6.8	2.4
430	124	Scrutons	415	0	0.0	2.9	37.7
233	194	Torday & Carlisle	233xd	0	7.7	3.3	7.7
96	56	Trevian Holdings (USM)	75xd	-1	2.7	3.7	8.1
113	100	Unistrut Europe Conv Pref	110	0	9.0	7.4	–
295	203	W.S Yeates	291	-2	16.2	5.6	7.9

Securities designated (SD) and (USM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of TSA

These Securities are dealt in strictly on a matched bargain basis. Neither Granville & Co nor Granville Davies Ltd are market makers in these securities

Granville & Co. Ltd. 8 Lovat Lane, London EC3R 8BP Telephone 01-621 1212 Member of TSA

Granville Davies Limited 8 Lovat Lane, London EC3R 8BP Telephone 01-621 1212 Member of the Stock Exchange & TSA

U.S. $1,000,000,000
The Kingdom of Denmark
Floating Rate Notes Due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 31st August, 1988 to 28th February, 1989 the Rate of Interest on the Notes will be 8.84375% per annum. The interest payable on the relevant Interest Payment Date, 28th February, 1989 will be U.S. $444.64 per U.S. $10,000 Note and U.S. $11,116.10 per U.S. $250,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

Ente Nazionale per l'Energia Elettrica
U.S.$300,000,000
Floating Rate Notes Due 2005
Unconditionally guaranteed as to payment of principal and interest by
The Republic of Italy

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 8.62625% for the Interest Determination Period 31st August, 1988 to 30th September, 1988. Interest accrued for this Determination Period and payable 30th November, 1988 will amount to U.S.$71.89 per U.S.$10,000 Note and U.S.$1,797.14 per U.S.$250,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

First Interstate Bancorp
(Incorporated in Delaware)
U.S. $60,000,000
Floating Rate Yen-Linked Notes due 1996

For the six months 26th August, 1988 to 27th February, 1989 the Notes will carry an interest rate of 9.20% per annum with an interest amount of U.S. $472.78 per U.S. $10,000 Note, payable on 27th February, 1989.

Bankers Trust Company, London — Agent Bank

Republic of Venezuela
U.S. $100,000,000
Floating Rate Notes Due 1993

In accordance with the terms and conditions of the Notes, notice is hereby given, that the interest rate for the Interest Period from 26th August 1988 to 27th February 1989 is 10⅞% p.a. The Coupon Amount payable on the 27th February 1989 for notes of U.S. $10,000 and U.S. $100,000 is U.S. $558.85 and U.S. $5,588.54 respectively.

Bankers Trust Company, London — Agent Bank

J.P. Morgan & Co. Incorporated
DM 400,000,000
Floating Rate Subordinated Notes of 1985/1995
– Stock Index No. 476 966 –

In accordance with §2 (9) of the Terms and Conditions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 5⅝% p.a. for the Interest Period August 31, 1988 to November 30, 1988 (91 days). Interest accrued for this Interest Period and payable on November 30, 1988 will amount to DM 142.19 per DM 10,000 Note and DM 3,554.69 per DM 250,000 Note.

August 1988

Interest Determination Bank:
J.P. Morgan GmbH
Frankfurt am Main

Isveimer
U.S. $100,000,000
Floating Rate Participation Certificates Due 1992
issued by Morgan Guaranty GmbH for the purpose of making a loan to
Istituto per lo Sviluppo Economico dell'Italia Meridionale
(a statutory body of the Republic of Italy incorporated under Law No. 298 of April 11, 1953)

In accordance with the terms and conditions of the Certificates, the rate of interest for the Interest Determination Period 31st August 1988 to 30th September, 1988 has been fixed at 9⅛%. Interest accrued for the above period and payable on 31st January, 1989 will amount to US$76.04 per US$10,000 Certificate.

Agent
Morgan Guaranty Trust Company of New York
London Branch

BANCO DI ROMA
US$150,000,000
Floating Rate Depository Receipts due 1992

Notice is hereby given that the Rate of Interest relating to the above issue has been fixed at 8.475 per cent for the period 31st August 1988 to 30th September 1988. Interest payable on 30th September 1988 will amount to US$70.62 per US$10,000 Deposit and US$1,765.62 per US$250,000 Deposit.

Agent Bank: Morgan Guaranty Trust Company of New York London

FIRST BANK SYSTEM, INC.
US$200,000,000
Subordinated Floating Rate Notes Due 2010

Notice is hereby given that for the interest period from 31st August 1988 to 30th November 1988 the Notes will carry an Interest Rate of 8⅜ per cent per annum and that the interest payable on the relevant interest Payment Date, 30th November 1988 will amount to US$225.92 per US$10,000 Note and US$5,648.00 per US$250,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

The Kingdom of Denmark
U.S. $200,000,000
Floating Rate Notes due August 1999

Notice is hereby given that the interest payable on the Interest Payment Date, August 31, 1988, for the period February 29, 1988 to August 31, 1988 against Coupon No. 8 in respect of U.S.$10,000 nominal of the Notes will be U.S.$397.51.

August 31, 1988, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

CITICORP
U.S. $500,000,000
Subordinated Floating Rate Notes Due October 25, 2005

Notice is hereby given that the Rate of Interest has been fixed at 8.475% and that the interest payable on the relevant Interest Payment Date September 30, 1988 against Coupon No. 35 in respect of US$10,000 nominal of the Notes will be US$70.63.

August 31, 1988, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

PIONEER ELECTRONIC CORPORATION

Notice is hereby given to holders of CDR's issued by Caribbean Depositary Co., N.V. Curaçao, evidencing shares in the above company that the "Third quarter report 1988" of Pioneer Electronic Corporation may be obtained from:

Pierson, Heldring & Pierson N.V. Herengracht 214 1016 BS Amsterdam

and

The Bank of Tokyo Ltd. established in Tokyo, Brussels, London, Düsseldorf, Paris and New York.

Amsterdam, August 25, 1988. Pierson, Heldring & Pierson N.V.

U.S. $100,000,000
Eldorado Nuclear Limited
Floating Rate Notes due 1989

In accordance with the provisions of the Notes, notice is hereby given that for the period from August 31, 1988 to February 28, 1989, the Notes will carry an Interest Rate of 9⅛% per annum. The interest payable on the relevant interest payment date, February 28, 1989, will be U.S. $227.82 per $5,000 Bearer Note/$5,000 principal amount in Registered form.

By: The Chase Manhattan Bank, N.A. London, Agent Bank
August 31, 1988 CHASE

هكذا من الأصل

Further losses for nervous equities

ANOTHER SENSITIVE trading session in the UK securities markets saw both bonds and equities give further ground yesterday, although traders were relieved to report that selling pressures remained relatively moderate. Domestic investment institutions sold some shares in the consumer and construction sectors, which are directly vulnerable to last week's sudden increase in UK base rates.

Government bonds, however, although finally easier on the day, were sustained by a steadier pound and by support for UK Gilts in Japanese markets while London was closed for the Bank Holiday weekend.

Account Dealing Dates

First Dealings:	Aug 15	Sep 5	Sep 19
Option Declarations:	Sep 1	Sep 15	Sep 29
Last Dealings:	Sep 2	Sep 16	Sep 30
Account Day:	Sep 12	Sep 26	Oct 10

*New time dealings may take place from 9.00 am two business days earlier.

But there was no disguising the nervous mood of the stock market, which spent the day anxiously watching sterling's progress. "Any slide in the pound immediately opens up the prospect of another base rate increase", commented Mr Nigel Richardson of Warburg Securities.

Equities opened with only minor falls,but a spate of selling in late morning sent the FT-SE Index down by 25 points to 1745 a level which raised danger signals in the market. Share prices bounced at this level, however, and traded cautiously for the rest of the day. At the close, the FT-SE Index was a net 15.9 points down at 1754.8.

Much of the fall represented operations by marketmakers, who sharply lowered their risk by reducing their holdings of shares which now attract higher funding costs. The three week Account, which shows a loss of nearly 100 FT-ST points, ends this week. Fuelling the nervousness was the continued reduction in price spreads and bargain sizes by several major trading firms.

Against this background, major blue chips fared reasonably well, despite a somewhat mixed opening on Wall Street. ICI, Glaxo and BAT Industries all rallied during the day to close firmer, while falls in such international leaders as Shell and British Petroleum were small.

This left the pressure to fall once again on the second tier equities, particularly those vulnerable to pressures on consumer spending from higher interest rates. In addition, there was a shakeout among speculative stocks, since bids will now be more expensive to finance.

With the pound firmer in early London trading, Gilts opened with gains of about ¼, although there was no appearance in London of the Japanese buyers of Gilts reported in Tokyo. Prices faded later when the pound faltered briefly, and the sector turned off in thin trade.

The long end of the bond market ended with losses of ¾, slightly above the day's lows, while the shorts were ¼ down. Index-linked stocks, showing little inclination to respond to inflation fears, followed the rest of the market.

FINANCIAL TIMES STOCK INDICES

	Aug 30	Aug 26	Aug 25	Aug 24	Aug 23	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	86.72	86.83	87.34	87.60	87.64	85.33	91.43 (18/4)	86.72 (30/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.85	96.86	97.03	97.33	97.18	92.02	98.67 (25/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1409.5	1425.4	1432.6	1467.6	1466.1	1778.9	1514.7 (8/8)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	197.2	200.1	199.1	197.5	194.6	438.2	312.5 (7/1)	187.8 (18/8)	734.7 (15/2/83)	43.5 (26/10/71)

	Aug 30	Aug 26	Aug 25	Aug 24	Aug 23	Year Ago
Ord. Dl. Yield	4.82	4.78	4.75	4.65	4.66	3.25
Earning Yld %(full)	12.16	12.05	11.98	11.73	11.75	7.99
P/E Ratio(Net)(☆)	10.00	10.10	10.16	10.38	10.36	15.38
SEAQ Bargains(5pm)	23,651	24,327	25,982	18,209	20,554	29,790
Equity Turnover(£m)†	-	1154.60	1038.83	839.71	746.65	1066.32
Equity Bargains†	-	25,659	23,183	20,486	21,557	36,996
Shares Traded (ml)†	-	413.9	381.3	381.5	285.4	314.7

Ordinary Share Index, Hourly changes

●Opening	●10 a.m.	●11 a.m.	●12 p.m.	●1 p.m.	●2 p.m.	●3 p.m.	●4 p.m.
1420.9	1411.9	1408.9	1403.8	1406.6	1408.2	1406.0	1404.1

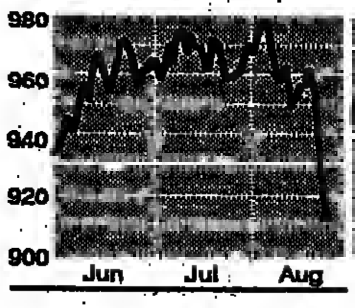
DAY'S HIGH 1420.9 DAY'S LOW 1403.8

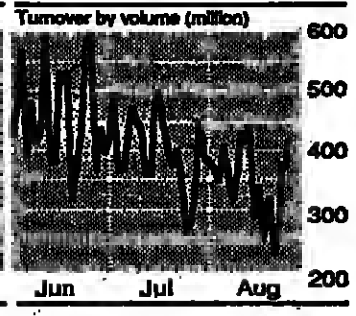
Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆ Nil 8.92 † Excluding intra-market business

● S.E. ACTIVITY

Indices	Aug 26	Aug 25
Gilt Edged Bargains	108.5	102.6
Equity Bargains	168.3	150.2
Equity Value	2333.7	2099.7
5 – Day average		
Gilt Edged Bargains	100.3	99.3
Equity Bargains	146.0	141.2
Equity Value	1781.4	1656.1

● London Report and latest Share Index: Tel. 0898 123001





Jaguar slump continues

A BAD weekend press made for another slump in shares of Jaguar which staggered back to 238p before ending the day 11 lower at 241p. Analysts were in full agreement over the near-term plight of the world-renowned luxury car maker, but held different opinions over its effect when translated into profits.

Some investment houses stick with Friday's lowered forecasts for the full year of £40m, but the range overall varies considerably. Citicorp Scrimgeour Vickers is rather more hopeful, suggesting £48m with the rider: "The wage negotiations in November are critical and a better buying opportunity may emerge then". Bid hopes may flourish on the run-up to December 1990 when the UK Government's Golden Share expires. BZW, on the other hand, is pessimistic with an estimate of only £35m.

The crunch, however, is still to come. Jaguar has already warned that next year will be a difficult one and several analysts have seized on the point to slash profit projections to as low as £20m. Kleinwort Grieveson and County NatWest MoodMac both opt for that figure, with the latter adding: "Currency and the difficult US market are going to take a grim toll of profits, but we believe that Jaguar will emerge leaner and more competitive".

Fresh Williams bid

Smallbone, the manufacturer of luxury kitchen and bedroom furniture, replied positively when the fast expanding conglomerate Williams Holdings appeared on the scene with a recommended offer of 500p cash per share. The shares jumped 68 to 487p. Williams is also offering 182p cash for the convertible preference shares, valuing the overall bid at £34.4m.

At the same time, Williams unfolded interim profits of £52.3m (compared with £18.1m last time) which were much in line with market expectations. The acquisition of Smallbone, which trades at the quality end of the market, appeared to be well received, but the Williams share price failed to resist the general downturn and closed 10½ down at 272½p after volume of some 1.5m shares.

Yale and Valor, where Williams Holdings and Ingersoll Rand both hold small stakes, tumbled to 398p before closing 26 off at 400p as the Smallbone deal dashed recent hopes of a bid from Williams.

NatWest resist

Standing out well against the backdrop of a gloomy market, National Westminster edged higher as the market assessed the implications of the latest upward twist in UK lending rates. At 528p, the shares closed 8 higher on moderate turnover of 668,000 shares.

The shares have underperformed against the sector in recent weeks and investors responded to comments from some UK securities houses that bank shares will benefit from the higher interest rate environment.

County NatWest WoodMac believes that the rise from 7½ per cent to 12 per cent in base rates since early June will put between £300m and £350m pretax on half year profits of the Big Four clearing banks — with more to come in the full year.

The Oil majors did well to resist trade journal reports of declining crude prices, adverse comment on the North Sea producers and claims of Opec production exceeding permitted levels, although the latter was said to have been denied by Opec president, Mr Rilwanu Lukman.

Considerable investment, described as a flight to safety for yield and other grounds, was made in British Petroleum issues. Volume exceeded 5m in each class of share and there was finally little change on the day in either the "old", at 238½p, or the partly-paid at 139½p. Shell Transport also escaped unhurt, but British Gas, after holding up well for most of the session, eased late to 173½p for a net 2½ loss.

The more spicy issues, including many Independents, suffered a hard initial markdown. Calor was a good example and dropped 16 to 352p, with stock said to be switching around. Enterprise gave up 8 at 437p and Triton Europe 5 to 162p, while LASMO lost 6 to 384p.

A growing understanding of the benefits resulting from a successful acquisition of US Farmers group aroused solid investment support for BAT Industries. Domestic institutional operators were the more persistent buyers, but US investors showed their hands late and the shares moved against the trend of the wider market to close at 440p, up 3 on balance.

International stocks were affected by the market's general lack of buying support. ICI did well to gain 3 to 995p ahead of a Barclays de Zoete Wedd's presentation on Thursday.

Glaxo also struggled better, ending a penny higher at 941p after 935p. Analysts at Robert Fleming Securities today publish a buy recommendation on Glaxo for the first time in over a year. At the same time, they move their stance on the health and household sector from neutral to over-weight. This follows recent under-performance, which in Glaxo's case is described as profound. "The pharmaceutical companies are now particularly attractive, given their almost total independence from the economic cycle," say the analysts.

Pearson fell 17 to 697p as bid speculation faded. Reed International lost 11 to 401p, while Hanson eased 2 to 134½p as 3.4m shares traded.

Bank shares provided one of the steadier sectors of the market, although trade was little better than elsewhere. Lloyds (292p) and Barclays (395p) closed in line with Friday's final quotations and had both shown minor gains earlier in the session. Midland, at 395p, lagged behind the rest of the clearing banks.

While the banks have been hurt recently as domestic money market rates advanced faster than base rates, the clearers are now expected to benefit from the application of higher lending rates to their consumer and mortgage loan portfolios. Such loans are mostly on floating rate agreements and will help to shield the banks against inflationary pressures. Barclays shares, still under the shadow of the rights issue, are seen as a possible cheap buying opportunity.

Also steadier were some hire purchase issues, notably First National Finance. However, the expected benefits of more profitable lending were balanced against fears of increased bad debts as interest rates move higher.

With takeover moves now looking increasingly expensive, several speculative features among the life assurance groups wilted. Abbey Life ended 6¼ down at 301¼, and Legal & General 5 off at 303p.

Refuge, despite a buy recommendation from a major securities house, ended 9 lower at 417p as investors took a cautious view of both new life business and takeover prospects.

Brewery stocks resumed trading in distinctly lacklustre form. Allied Lyons ran into sustained pressure, reflecting the fact that marketmakers bave adequate supplies of stock. Uncertainty over Mr Alan Bond's intentions was also blamed for a markdown to 385½p at one stage, before a rally took the shares to their close at 388p, a fall of 7½p on the day.

Scottish & Newcastle seesawed, the shares retreating on lack of interest by 8¼ to 330p before buyers emerged and the price hardened to the close at 333½p. Turnover was 2.3m shares.

Sharp and Fisher provided one of the day's rare brigbt spots, jumping 87 to 305p in a thin market on pleasing interim results and ths planned disposal of its DIY arm, Sandfords. Proceeds of the sale except for approximately £8m of inter-company debt will be returned to shareholders. Other building shares passed yet another drab trading session. Lack of support was cited as the main reason for further widespread losses thoughout the sector including Blue Circle, down 11 more at 417p. Among the Housebuilders Berkeley stood out with a fall of 14 at 283p, while Barratt Developments ended 6 cheaper at 169p.

Fears that a further hike in interest rates may be needed to curtail the boom in consumer spending made for another poor session in the High Street retailers. Once again Sears were one of the more actively traded stocks (6.9m) as recent speculators unwound their positions and the shares reacted to close 5 down at 135½p. A. Goldberg, however, rose 5 to 219p on news that Charterhall had increased its stake to just over 25½ per cent.

Amstrad remained in the spotlight among leading electronics issues, falling 4 to 203p in turnover of 3.7m shares. Worries about the impact of interest rate increases on consumer spending were again behind the fall, with investors putting little emphasis at the moment on product launches due in mid-September.

Cable & Wireless saw some brisk early trade, including an agency cross of 700,000 shares at 365p. In turnover of 2.5m, the shares ended just a penny worse at 366p, after 362p. BT announced its involvement in the MoD office contract and its shares were described as steady at 231p after volume of 3.9m.

Leisure stocks had a hard day on the familiar grounds that reduced consumer spending will translate into reduced profits for leisure companies. Even last week's favourite Ladbroke never really recovered from an early knock and ended 14 down at 456p in turnover of 2m shares.

However, the real damage was done to second-line stocks by investors looking to raise cash. Brent Walker crashed 23 to 347p amid rumours that an announcement may be on the horizon. Dealers also pointed to worries about the effects of higher interest rates on its profits. Landleisure gave up a similar amount in its fall to 335p, while Pleasurama ended down 7 at 214p as the Mecca bid waters remained muddied. Owners Abroad fell 5 to 67p.

The Jaguar gloom pervaded all Motor sections and Lncas Industries, despite a Morgan Grenfell buy recommendation on the basis of a major re-rating, retreated 13 to 522p. Distribntors were similarly hit with Western Motor falling 18 to 560p, Quicks losing 8 to 134p and Jessups 8 to 195p. Lex Service, another to receive favourable mention, came back 8 to 381p.

Fears thet the trend towards dearer money will continue made for another unsettled trading session in the Property sector. Some leaders began to show late resistance, however, and Land Securities ended only a shade lower at 535½p, after 528p, and MEPC 4 down at 514p, after 507p. Rosebangh closed with a loss of 31 at 649p, and Arlington dipped 11 to 144p.

Slough Estates, in contrast, nudged higher to 286p as Morgan Grenfell took a bullisb stance on tbe group's big industrial property portfolio. The securities bouse suggests that there may well be reason for medium-term caution over retail and City rents, but with little prospect of demand being satisfied in the industrial market the outlook for 1989 is still good.

Revenue will be boosted by developments at Winnersb, Aldersgate EC1, and possibly a revaluation of Bredero's Bon Accord centre in Aberdeen. According to Morgan, Slough shares, at 285p, are on a prospective discount of 29 per cent.

Courtaulds were among the many Textiles casualties, falling 11¼ to 310p. Illingworth Morris, bowever, resisted as bid speculation revived to end harder at 157p.

In tbe Traded Options market, tbe FT-SE 100 Index contract remained active, with 2,038 calls and 3,590 pnts traded. Other significant spots iocluded Trustbouse Forte, with 1,492 calls and 243 puts, Sears, 1,218 calls, 181 puts, and Jaguar, 477 calls and 905 puts.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 30

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	435	151½	-1½	Cons. Gold	205	985	-5	Land Securities	1,400	535½	-½	Rothmans "B"	579	414	-7
Abbey Life	664	304	-4	Cookson	55	238	-1	Laporte	128	408	-3	Ryl Bank Scotland	263	339	
Allied-Lyons	3,000	388	-7½	Courtaulds	1,000	310	-11½	Legal & General	1,000	304	-4	Royal Insurance	602	379	-3
Amstrad	3,700	203	-4	Dalgety	813	327	-5	Lloyds Bank	1,000	292		STC	3,800	254	-4½
Argyll Group	1,700	175	-4	Dee Corporation	2,300	171½	-2	LASMO	1,000	384	-6	Saatchi & Saatchi	814	345	-9
Assoc. Brit. Foods	349	302	-1½	Dixons	1,200	152	-6	Lonrho	1,500	246		Sainsbury	516	210	-1
BAA	543	259	-3	Eng. China Clays	879	451	-12	Lucas	640	522	-13	Scott & Newcastle	2,500	333½	-5
BAT	4,000	440	+3	Enterprise Oil	718	437	-8	MEPC	1,300	514	-4	Sears	6,900	135½	-5
BET	1,200	222	-1	FKI Babcock	1,400	116	-5	Marks & Spencer	1,700	155	-2½	Shell Transport	902	995	-1
BICC	185	334	-6	Fisons	349	233		Maxwell Comm.	1,900	196	-3	Siebe	1,400	367	-9
BOC	828	392	-2	General Accident	147	877	-5	Metal Box	383	209	-3	Slough Estates	824	286	+3
BPB Inds	1,400	262	-10½	General Elec.	1,700	153½	-1	Midland Bank	530	395	-2	Smith & Nephew	833	111½	-1
BTR	1,800	268	-3	Glaxo	1,400	941	+1	NatWest Bank	668	578	+3	Standard Chart	136	498	
Barclays	1,400	395		Globe Investment	286	138	-2	Next	557	212	-7	Storehouse	1,500	209	-5
Bass	1,100	754	-5	Glynwed	732	286	-9	Northern Foods	167	273	-1	Sun Alliance	327	955	-4
Beecham	1,200	465	-3	Granada	57	290	-3	Pearson	134	697	-17	T & N	1,100	170	-6½
Blue Arrow	1,600	94½	+½	Grand Met	1,300	493	-7	Pearl Group	341	471	-1	TSB	914	102	
Blue Circle	874	417	-11	GUS "A"	145	£18¼	-⅛	P & O	696	562	-4	Tarmac	399	222	-4
Boots	3,000	207	-4½	Guardian R.E.	426	176	-2½	Pilkington	1,600	199	-5	Tate & Lyle	231	824	-14
Brit. Airways	930	149	-3	GKN	696	311	-4	Plessey	971	158	-1½	Tesco	1,000	141	-1
Brit. Aerospace	497	487	-6	Guinness	1,200	305	-3	Prudential	1,400	154	-½	THORN EMI	1,000	628	-6
Brit. & Comm.	771	223½	-2½	Hammerson	120	610		Racal	1,100	304½	-2½	Trafalgar House	3,300	325	-8
British Gas	4,400	173½	-2½	Hanson	3,400	134½	-2	Rank Org.	706	684	-15	Trusthouse Forte	1,100	233	-3½
British Land	946	306	-8	Harrisons & Cros.	48	615	-8	RMC	118	450	-4	Ultramar	579	251	
BP	5,100	238½	-½	Hawker Siddeley	398	509	-4	RHM	912	410	-1	Unilever	698	437	-3
Brit. Telecom	3,900	231	-1½	Hillsdown Hldgs	603	268½	-5½	Reckitt & Colman	92	897	-1	United Biscuits	1,300	266	-6½
Burmah Oil	606	503	-1	IMI	2,300	184	-9	Redland	247	400	-4	United News.	258	389	-12
Burton	1,100	204	-6	ICI	1,000	995	+3	Reed Intl	1,200	401	-11	Wellcome	798	493	-4
Cable & Wireless	2,600	366	-1	Inchcape	514	204½	-3½	Reuters "B"	384	472	+1	Whitbread "A"	330	284	-5
Cadbury Schweppes	1,400	362½	-1	Jaguar	2,500	241	-11	RTZ	1,600	434	-4	Williams Holdings	1,500	272½	-10½
Coats Viyella	1,100	208	-7	Ladbroke	1,900	456	-14	Rolls-Royce	3,400	128½	-4	Wimpey	119	231	-7
Commercial Union	662	342½	-5½									Woolworth	1,500	237	-13

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (9), BREWERS (1) Irish Distillers, BUILDINGS (1) Sharpe & Fisher, CHEMICALS (1) Hoechst AG, STORES (1) Smallbone, FOODS (1) Barr (A.G.), INDUSTRIALS (3) Baume-Repola, Westmex, OILS (1) Coastal Cpn., PLANTATIONS (1) Assam Dooars,

NEW LOWS (...), BRITISH FUNDS (98) COMMONWEALTH & AFRICAN LOANS (1) N.Z.7¼pc 88-92, LOANS (2) [illegible], FOREIGN BONDS (1) Ireland 8¾pc 91-96, CANADIANS (1) [illegible], BANKS (4) Brown Shipley, FNFC 8.8pc Red Pref., Hambros, Rothwells, BREWERS (1) Bass, BUILDINGS (11) STORES (22) ELECTRICALS (15) ENGINEERING (5) Birmingham Mint, Carclo 5p, Caudon 5p, Jones & Shipman, TACE 10p, FOODS (4) Argyll, Belam 10p, Matthews (B), Tesco 9pcLn 02-07, INDUSTRIALS (28) Astra AB, Beazer 10p, Caxteway Ind.10p, Cowan de Grt.10p, Dobson Park 10p, Eastern Prod.50p, Ecobric 5p, Do.Dfd 5p, Elswick 5p, Kelsey Inds., Kitty Little 5p, Kleen-e-Ze, London Fin.& Invs., Lon.Intl., Mayborn, Morgan Crucible, Mosaic Inv.10p, Norcros, Parkfield 2p, Platignum 5p, Ricardo, Rockware, St Grp.5p, Sale Tilney, Thomson T-Line 5p, Tomkins (FH) 5.5pcCvPf., INSURANCE (2) NZI Cpn., Refuge, LEISURE (3) Chrysalis, Hi-Tec Sports, Scott. TV 10p, MOTORS (2) March Grp., FR Grp., NEWSPAPERS (6) Johnston Press 10p, Maxwell Comms., News Int. Spec. Div., Utd.Newspapers, PAPERS (7) Bosse Massemi 12½p, Holmes Marchant 10p, Moorgate grp., Saatchi 10p, Serif Cowells, Smith (David S.) 20p, WCRS 5p, PROPERTY (8) TRUSTS (10) OILS (7) Aviva Pet., Brit.Borneo 10p, ELF UK 12¼ LN., Great Western Res.Class A, Kelt Energy 10p, Do.6pc Cv.Pf., North West Expln., MINES (6) THIRD MARKET (5) Andaman Res., Far East Res., Moray Firth, Sweayard Studios, UPL 10p.

Appointments

Wiltshier chairman

■ The JOHN E. WILTSHIER GROUP has appointed Mr Michael Davies as non-executive chairman. He takes over from Mr John Wiltshier, who remains with the group as e consultant and shareholder. Mr Davies is a non-executive director of a number of companies including British Airways, Littlewoods, Tube Investments, Broadwell Land and Blue Arrow, and is chairman of Bredero Properties.

Mr Michael Davies

■ Mr W.M. Loewenthal and Mr P.J. Pedley, both Brierley Investments nominees on the board of TOZER KEMSLEY & MILBOURN, have resigned and been replaced by Mr P.D. Collins and Mr T.J. Beyer, who are both directors of Brierley Investments.

■ Kerry Handling and the RKF Group have formed a new joint company, KERRY HANDLING SYSTEMS. The board will be: Mr Colin Scourfield, managing director; Mr Ian Gould, director; Mr John Sliman, executive director; Mr David Dearing, technical director; Mr John Wilkinson, marketing director; and Mr Richard Penney, financial director.

■ CORPORATE PC, Reading, has appointed Mr Phil Watts as sales director. He joins from Rapid Recall where he was general manager of the systems division.

■ Mr Neil Curtis joins DAIWA INTERNATIONAL CAPITAL MANAGEMENT (UK) on September 7 as director of client services. He was a director of Fidelity Pensions Management.

■ Mr David Vanstone will be joining ELDERS FINANCE GROUP on September 5 as director of corporate finance for UK/Europe. He joins from Chase Investment Bank where he was managing director in charge of special finance.

■ NELSON HURST & MARSH (HOLDINGS) has appointed Mr Robert W. Bailey and Mr James Moore to the board of NHM North American Holdings. Mr Bailey is president of Nelson Hurst & Bailey, Inc., a New York based reinsurance intermediary. Mr Moore is president of Nelson Hurst, Carpenter & Moore Insurance Services, Inc., surplus line brokers in San Francisco.

Valin Pollen forms new company

■ The investor relations division of VALIN POLLEN in London will become a separate company and will be re-named Carter Valin Pollen (CVP) on October 1. CVP London will become an independent subsidiary of The VPI Group, with Mr Howard Lee, formerly an assistant managing director of Valin Pollen, as its managing director. Mr Angus Maitland will become chairman of CVP London while retaining his post as deputy chairman of The VPI Group. CVP New York was formed earlier this year as a division of The Carter Organization. The CVP companies in London and New York will be working a number of joint investor relations assignments.

■ Towards the end of next month Mr Adrian Aylward becomes managing director of ROYAL SOVEREIGN GROUP (formerly Abelscot Group). He is finance director of Leisuretime International.

Mr H.M. Romoff (above) has been appointed vice president, Europe, of CANADIAN PACIFIC. He will be based in London where he will continue as chairman and chief executive officer of Canadian Pacific Ships.

■ Mr Jan Gotteberg, managing director of NEK Cables, Dr Clive Morton, director of personnel and administration, Komatsu UK, and Mr Colin Powell, chairman of Stanley Miller, have been appointed to the board of the TYNE AND WEAR DEVELOPMENT COMPANY.

■ Mr Stephen Lee has been appointed group managing director of COPYSTATIC, Nottingham.

All these Notes have been sold. This announcement appears as a matter of record only.

Caisse Centrale de Coopération Economique

FRF 800,000,000

8¾ per cent. Guaranteed Notes due 1993

Issue Price: 101⅛ per cent.

Unconditionally guaranteed by

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Banque Bruxelles Lambert S.A. Banque Indosuez Banque Internationale à Luxembourg S.A.
Banque Paribas Capital Markets Limited Baring Brothers & Co., Limited BNP Capital Markets Limited
Caisse des Dépôts et Consignations Crédit Agricole Dresdner Bank Aktiengesellschaft Generale Bank
Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft IBJ International Limited
Kleinwort Benson Limited LTCB International Limited Merrill Lynch International & Co.
The Nikko Securities Co., (Europe) Ltd. Salomon Brothers International Limited Société Générale
Union Bank of Switzerland (Securities) Limited Westdeutsche Landesbank Girozentrale

July 6, 1988

COMMODITIES AND AGRICULTURE

Nickel price falls further as Canadian strike ends

By Robert Gibbens in Montreal and Kenneth Gooding in London

THE PRICE of nickel fell again yesterday following news from Canada that the strike at Falconbridge's mining operations at Sudbury, Ontario, had ended after only eight days.

On the London Metal Exchange the price of nickel for delivery in three months dropped by $475 a tonne, or 21.5 cents a lb, to $12,725 a tonne, or 5.77 cents a lb.

The three-month price has fallen by $225 a tonne in the past week in spite of the strike at Sudbury which produces about 30,000 tonnes of nickel a year.

Falconbridge had indicated it would be able to maintain shipments to customers for at least six weeks but analysts yesterday were saying the nickel price hardly reacted when the strike was called.

This was in sharp contrast to the nervous reaction only six months ago when the price jumped by 270 per cent in five weeks to reach a record $22,200 a tonne ($10 a lb) on March 28.

Consumer concerns about future availability of nickel had largely disappeared, Mr Peter Miller, of Yorkton Securities, a London-based natural resources research group, said yesterday. "In contrast, occasional producer purchases at about $6 a lb have been noted in the past few weeks."

He said producers could maintain the $6 a lb price level for several months without unduly straining their balance sheets.

He said: "However, this does mean the possibility for any substantial and sustained upside potential for the metal is almost negligible for the foreseeable future.

"The present nickel price, short of a major strike or mine catastrophe, is unsustainable in the medium term and could very easily come under significant downward pressure early in 1989.

Falconbridge's new contract with the Mill & Smelter Union covers 1,700 employees. It was unanimously recommended by the union's bargaining committee and was expected to be ratified by a vote late yesterday.

Meanwhile, the aluminium price weakened on the LME yesterday under pressure from West German and Japanese selling, traders said.

Sellers were banking on Alcan avoiding a threatened strike at its Kitimat operations in British Columbia, Canada, and correctly predicted a sharp rise in LME stocks, they said.

The exchange reported that its combined stocks of standard and high-grade aluminium rose by 10,675 tonnes, to 122,750 tonnes, last week.

The three-month price of high-grade (99.7 per cent pure) aluminium fell by $100, to $2,780 a tonne, yesterday while standard (99.5 per cent pure) was $18.5 down at $1,581.50 a tonne.

LME WAREHOUSE STOCKS (Change during week ended last Friday) tonnes		
Aluminium standard	-3,025	to 50,300
Aluminium high grade	+13,700	to 72,450
Copper Grade A	-3,625	to 120,450
Lead	-675	to 63,650
Nickel	+450	to 3,048
Zinc	-775	to 33,625
Tin	-50	to 12,895
Silver (oz)	-90,000	to 14,872,000

Tin shortage and higher prices forecast by Warburg

By Kenneth Gooding, Mining Correspondent

DEMAND FOR tin would outstrip supply by about 16,000 tonnes this year and, consequently, the price should rise steadily, Warburg Securities, the London stockbroker, said in an analysis.

Warburg said the tin price may average £4,560 a tonne in this second half, compared with £3,838 in the first half. It forecast an average price of £5,400 a tonne for next year.

Tin output was likely to rise next year, encouraged by higher prices and increased output from Brazil, which was likely to overtake Malaysia as leading tin-producer.

However, continued world economic growth and renewed usage of tin cans was likely to produce another supply deficit of about 8,000 tonnes.

This suggested that by the end of next year visible tin stocks would be down to 31,000 tonnes, that is nine weeks' consumption, which Warburg described as comfortable.

Excluded from calculations, and unlikely to come on to the market, are:

● Stocks Brazil is refusing to release as a matter of policy, which may rise from 6,500 tonnes to 15,000 tonnes this year.

● About 19,000 tonnes from International Tin Council stocks held by banks as collateral.

The price has been depressed since it collapsed in October 1985 when the ITC's buffer-stock manager announced he could no longer support the tin market because his cash had run out.

This left the ITC's massive stockpile, which reached a peak 72,500 tonnes in 1986, overhanging the market.

Stocks have been steadily whittled away by buoyant demand and supply restraint by the main producers.

Because the Brazilian and banks' tin stocks were being held off the market for legal, policy or political reasons, supply and demand should remain reasonably balanced for some time, Warburg said.

It said its forecast could be upset if:

● The US authorities raised sales from the 35,000 tonnes in the General Services Administration stockpile.

● Brazil increased output from its huge reserves.

On the positive side, Warburg said there were signs the canning industry was reverting to tin plate because of the current high price of aluminium, its main rival in the beverage-can market.

Sri Lanka expects big rise in tea crop

SRI LANKA'S Tea Board forecast a crop of between 225m kg and 230m kg for this year, well above the 215m kg target set earlier this year, Reuter reports from Colombo.

The board was very optimistic about this year's output, its deputy director-general, Mr T. Sambasivam, said.

Production last year totalled 213.3m kg. The highest recorded crop was 228m kg, in 1965.

Output in January-July this year totalled 141m kg, up from 126m kg in the corresponding period last year, according to board figures. Brokers said the rise was due to favourable weather.

Mr Sambasivam said heavy rain in growing areas in June and July restricted production of quality teas, but rain in previous months helped increase the size of the crop in general.

He said he expected prices in this second half to rise above the average of Rs44 (80.5p) a kilogram in the first six months, compared with Rs33 in the corresponding period of last year.

Brussels steps up beef sales effort

By William Dawkins in Brussels

THE European Commission has sold 60,000 tonnes of beef to Poland at about a fifth its book-value, as part of Brussels's increased efforts to cut surplus stocks.

The meat will be supplied in two equal parts from West German and French intervention stocks to a German exporter, who is to sell it on to the Polish authorities at between Ecu414 and Ecu511 a tonne, valuing the transaction at Ecu2.5m to Ecu3m (£1.65m to £2m).

The sale price is struck after the standard EC export refund of Ecu895 a tonne for beef sales to Comecon states.

Commission officials emphasised it was a purely commercial sale made as part of the EC's campaign to rid itself of a mountain standing at just over 750,000 tonnes before the sale.

Brussels is close to selling another 200,000 tonnes to the Soviet Union, the purchase of which was believed to have been a condition of an earlier sale of 100,000 tonnes of surplus butter to the Soviet authorities.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 2,100-2,160 (2,100-2,150).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 5.80-5.95 (5.95-6.05).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, ingots 7.30-7.50 (same), sticks 7.30-7.50 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.90-7.10 (6.85-7.10).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 310-320 (315-325).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.45-3.50 (3.42-3.50).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 9.65-9.75 (same).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO, cif, 51-59 (same).

VANADIUM: European free market, min. 98 per cent, VO, cif, 5.10-5.60 (same).

URANIUM: Nuexco exchange value, $ per lb, UO, 14.75 (same).

A bearish future for new gilts

Pig-producers face desperate times despite hopeful option

FARMER'S VIEWPOINT

By David Richardson

LAST THURSDAY the farm began to feel familiar again. After an absence since last May, there were pigs in the pens.

I've missed the friendly grunting of my favourite farm animals, and the mutual pleasure for man and beast which comes from scratching a sow behind the ear.

Even though the pigs are back, my access to them will be more restricted than it used to be. And I wish I felt more confident about their potential profitability.

Pigs have been a part of my life for as long as I can remember. I was only 10 when my father sold me my first weaner to fatten, and he had kept pigs since the 1920s. Until four months ago, the farm had never been without pigs since those days, and that was one of the reasons which forced the recent change of policy.

Inevitably, with pigs passing through the same buildings over many years, a herd develops what vets call a burden of sub-clinical disease. In other words, the pigs are not ill but do spend some energy fighting infection, rather than growing into pork.

Every now and then, if weather conditions change or some other stress occurs, disease flares up and medication is required to control it.

Our herd's health had reached that state last year. The pigs looked healthy enough but were failing to match targets of growth rate and feed efficiency essential to profitability in what has become one of the most competitive sectors of agriculture.

We were also concerned about the level and cost of medication which was having to be administered and the long-term likelihood that its use would be banned.

There were two possible solutions. The first was to sell out and to stay out. The pig sector was, after all, suffering from a Europe-wide recession with no immediate prospect of recovery because of the large numbers of pigs already in the production pipeline.

The second was to clear out the existing herd, disinfect and refurbish the buildings, and restock with high-health status pigs guaranteed free of the most damaging diseases.

Such pigs derive their disease-free status from they or their parents having been delivered by Caesarean section in pathogen-free conditions and no exposure to bugs which may have been carried by their mother.

They are then kept in secure pig units at least two miles from any other pig-farm. They are also isolated from contact with contaminated pigs or people who have been with other pigs in the previous 48 hours. Even those who tend and feed such animals must shower, and change all their clothes, before entering their pens.

Birds and vermin do not obey such rules, and it has to be accepted that this will probably lead to a health breakdown in due course.

Meanwhile, those who invest in such stock and such security hope that they will have saved enough on feed and medication and gained enough on performance and enhanced value to pay for all the time and trouble.

That, anyway, is what we hope, for that is the option we took. The pregnant females — or gilts — which arrived last Thursday have immaculate health and breeding records. If all goes well, we shall soon be producing hybrid females for sale to farmers who wish to achieve the same standards.

We have become a "multiplier" for one of the specialist pig companies producing breeding-stock for distribution around Britain and abroad.

However, given that I, too, must shower and change clothes before visiting these élite animals and stay away from them after I have visited other farms, it will be impractical for me to enjoy a daily scratch.

That may be the least of my problems. When we signed the contract to buy the gilts which have just arrived, we calculated that the piglets which they are carrying would be saleable as pork early next year.

We thought that by then the pig-trade recession would be over and we would have been out of pig production in a period others would have made losses. The profit we would make would compensate for the large gap in our cash flow in the nine months or so when we had no pigs to sell.

However, UK pig prospects for next year have declined. According to the Meat and Livestock Commission, increased imports from continental Europe are likely to continue to depress British markets for at least the first half of next year.

Further, the North American drought has raised the price of soya, the main protein for pig rations, until at least the next US harvest next summer. Feed represents about 85 per cent of the cost of producing a pig, so its price is highly relevant to profit or loss.

Losses have been more common than profits all over Europe for the past year, as excessive supplies of pigs have flooded markets and depressed prices. Apart from minimal "aid to private storage" of pigmeat in such periods to take a small quantity of product temporarily off the market, there is no European Community cash for pig-producers.

Market forces are supposed to adjust supply to demand. Indeed, in the past the notorious pig cycle of surge and bust had that effect. Today, however, most pig-farmers are specialists with big herds and financial commitments. They hang on longer than they used to, as shown by the Ministry of Agriculture's latest figures.

The June agricultural census, published last week, indicated that the UK pig-breeding herd had declined by only 2 per cent, in spite of heavy losses being made by most producers.

However, further reductions have been made since that survey because of feed's escalating price. In fact there have been reports of pregnant sows being slaughtered just before giving birth, a sure sign farmers are desperate.

Many butchers are making the situation worse. Instead of passing on the benefits of low, wholesale pork prices to housewives, which would almost certainly stimulate demand, they are holding pork prices at previous levels and using the extra profit from it to cut the retail price of beef and lamb. In the trade this practice is called averaging.

It may be good policy for butchers; it may be appreciated by consumers of beef and lamb; but it is bad news for pork-lovers and pig-farmers like me.

European Commission sets higher price for rapeseed

By William Dawkins

THE FARMGATE price of European Community-grown rapeseed would rise by about 2 per cent with immediate effect, the European Commission said yesterday in Brussels.

The EC oilseed management committee ruled that there should be an 8 per cent cut in the target price at which the commission would underwrite rapeseed prices.

That produces a rise of about 2 per cent in real prices when compared with EC target prices for the past season, which were subject to a 10 per cent cut, or abatement.

The ruling is the first application to this sensitive sector of the strengthened system of price and production controls agreed by member-states in February in their farm-spending reform package.

It means oilseed prices should rise from the Ecu405.18 a tonne set for the past marketing year to about Ecu414.18 a tonne.

The final figure may vary slightly after officials have completed their complex calculations.

EC member-states agreed on an Ecu450.2 a tonne target price for rapeseed in their annual price fixing this summer. That depended on output not exceeding a maximum guaranteed quantity of 4.5m tonnes.

However, the management committee estimated yesterday that output would actually come out nearly 17.8 per cent higher than that, at 5.3m tonnes threshold.

The commission, under the new controls, knocks 0.45 per cent off the initial target-price for each percentage point by which output overshoots the threshold.

That calculation gave yesterday's 8 per cent abatement in the initial target price.

Meanwhile, EC guaranteed prices for peas and beans are to take a 9 per cent cut because output this year has unexpectedly overshot targets.

The commission has ruled that prices for the new harvest of those crops must fall from the initial target of Ecu29.52 (£19.48) per 100 kg to Ecu26.86.

The price for sweet lupins, used as animal-feed, will fall from Ecu 32.65 per 100kg to Ecu29.71. Spanish sweet-lupin growers have a slightly smaller price fall, from Ecu32.65 to Ecu29.82. The cuts are backdated to July 1.

Farmers have overshot this year's thresholds by 20 per cent. The guarantee threshold was set at 3.5m tonnes for this year during price fixing but officials now estimate the harvest, due to end soon, will bring in 4.2m tonnes.

The same calculations used for rapeseed apply to pea and bean prices, though this is the first year these protein crops have come into the system.

As a result, the 9 per cent cut does not have to be adusted

WORLD COMMODITIES PRICES

LONDON MARKETS

COCOA prices bounced up from Friday's 7-year lows yesterday as fresh damand came in for nearby positions. The December quotation closed £15 highar at £850 a tonna but prompt September was even stronger, up £28 at £901 a tonne. Dealers said this reflected buying by an operator who was belIaved to be short of physical supplies and planning to take dalivery of physical offerings when tendering against the September position startes on Thursday. The market was in no mood to take much notice of warnings by the Ivory Coast that it might not join tha next International Cocoa Agreement unless prices rosa. Tha Ivory Coast is the world's biggest cocoa producer and recent trade forecasts have put its 1988-89 crop at up to 750,000 tonnes, nearly 100,000 tonnes above tha figure expected fro 1987-88.

SPOT MARKETS		
Crude oil (per barrel FOB September)		+ or -
Dubai	$12.94-2.99q	
Brent Blend	$14.52-4.57y	-1.5
W.T.I. (1 pm est)	$15.25-5.30q	
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$178-181	
Gas Oil	$127-129	
Heavy Fuel Oil	$66-69	-1
Naphtha	$135-137	+0.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$428.75	-3.00
Silver (per troy oz)♣	657c	-9
Platinum (per troy oz)	$524.50	-18.25
Palladium (per troy oz)	$122.65	-1.60
Aluminium (free market)	$2830	-115
Copper (US Producer)	106⅝-110c	+0.5
Lead (US Producer)	36c	
Nickel (free market)	600c	-20
Tin (European free market)	£4465	+5
Tin (Kuala Lumpur market)	19.79r	+0.09
Tin (New York)	348.75c	+1.0
Zinc (Euro. Prod. Price)	$1275	
Zinc (US Primo Western)	65½c	
Cattle (live weight)†	113.69p	-1.15*
Sheep (dead weight)†	161.51p	-8.59*
Pigs (live weight)†	68.15p	+0.56*
London daily sugar (raw)	$267.0s	-4.0
London daily sugar (white)	$261.0s	-2.5
Tate and Lyle export price	£268.0	-1.5
Barley (English feed)	£103.5y	
Maize (US No. 3 yellow)	£128q	
Wheat (US Dark Northern)	£122.5y	
Rubber (spot)♥	71.25p	-0.50
Rubber (Oct)♥	77.75p	-0.50
Rubber (Nov)♥	78.25p	-0.50
Rubber (KL RSS No 1 Sep)	334.5m	-4.0
Coconut oil (Philippines)§	$562w	
Palm Oil (Malaysian)§	$435y	
Copra (Philippines)§	$365x	-10
Soyabeans (US)	$201.5	
Cotton "A" index	55.85c	+0.95
Wooltops (64s Super)	630p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Sep. q-Oct. x-Aug/Sep. s-Sep/Oct. w-Oct/Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne	Close	Previous	High/Low
Sep	901	873	906 868
Dec	850	835	850 826
Mar	834	826	836 516
May	847	838	847 827
Jul	858	849	858 841
Sep	871	860	873 857
Dec	910	900	906 896

Turnover: 7011 (14950) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 26: 1036.63 (1065.99) :10 day average for Aug 29: 1088.01 (1095.75).

COFFEE £/tonne	Close	Previous	High/Low
Sep	1001	1010	1007 995
Nov	1014	1020	1020 1005
Jan	1015	1023	1010 1006
Mar	1004	1014	1006 997
May	1006	1015	1007 997
Jly	1007	1015	1007 995
Sep	1015		1019

Turnover: 5244 (1867) lots of 5 tonnes
ICCO indicator prices (US cents per pound) for Aug 29:Comp. daily 109.17 (111.69); . 15 day average 108.32 (107.60).

SUGAR ($ per tonne) Raw	Close	Previous	High/Low
Oct	235.60	236.40	236.40 232.40
Dec	234.00	237.60	
Mar	228.80	227.40	228.60 222.60
May	222.80	222.00	223.00 219.40
Aug	221.00	220.00	219.00 216.00
Oct	221.00		218.00
White	Close	Previous	High/Low
Oct	260.00	256.00	255.60 254.00
Dec	256.00	255.00	
Mar	257.00	259.00	253.00 250.00
May	257.00	258.50	253.00 250.20

Turnover: Raw 1557 (1695) lots of 50 tonnes. White 714 (1863).
Paris- White (FFr per tonne): Oct 1605, Dec 1585, Mar 1585, May 1595, Aug 1595 Oct 1606

GAS OIL $/tonne	Close	Previous	High/Low
Sep	128.00	128.25	129.00 128.25
Oct	130.50	131.00	130.75 129.25
Nov	133.25	133.50	133.25 131.50
Dec	136.00	136.00	136.00 133.50
Jan	132.50	133.25	133.00 132.25
Feb	130.25	130.50	130.75 130.00
Mar	129.00		129.50 129.00
Apr	128.25		128.50 128.25

Turnover 5265 (7510) lots of 100 tonnes

GRAINS £/tonne Wheat	Close	Previous	High/Low
Sep	107.85	107.65	107.85 107.80
Nov	109.75	109.75	109.75 109.50
Jan	112.35	112.35	112.35 112.00
Mar	115.00	115.00	115.00 114.75
May	117.65	117.70	117.70 117.40
Barley	Close	Previous	High/Low
Sep	101.85	101.00	107.00 101.75
Nov	104.80	104.55	104.80 104.50
Jan	107.70	107.00	107.70 107.45
Mar	110.15	110.00	110.15 110.00
May	112.05	111.80	112.15

Turnover: Wheat 164 (164) . Barley 86 (160) . Turnover lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 1,050 tonne
Cash	2840-50	2940-60		2820-40		
3 months	2775-85	2870-90		2780-90	2780-80	6,931 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 36,850 tonne
Cash	1677-82	1715-25		1681-5		
3 months	1581-2	1599-601	1610/1571	1581-2	1575-7	43,416 lots
Copper, Grade A (£ per tonne)						Ring turnover 28,900 tonne
Cash	1382-4	1398-9	1415/1410	1408-10		
3 months	1365-6	1369-70	1391/1360	1383-4	1369-71	65,231 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1325-30	1330-40		1346-50		
3 months	1315-20	1320-30		1335-40		41 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	651-2	660-3		646-6.5		
3 months	664-6	673-5		660-1	665-70	011 lots
Lead (£ per tonne)						Ring turnover 12,225 tonne
Cash	365-7	369-70	374	374-5		
3 months	370-1	374-5	377/370	377-8	369-70	11,203 lots
Nickel ($ per tonne)						Ring turnover 1,536 tonne
Cash	13100-200	13600-25	13000	13000-100		
3 months	12700-50	13195-205	12800/12600	12700-50	12700-50	6,045 lots
Zinc (£ per tonne)						Ring turnover 20,200 tonne
Cash	791-3	795-8	788/787	787-8		
3 months	787-8	792-3	789/780	786-7	787-8	22,049 lots

POTATOES £/tonne	Close	Previous	High/Low
Nov	66.0	65.0	66.0
Feb	75.5	75.0	
Apr	96.1	96.2	95.0 94.6
May	107.0	106.0	105.0

Turnover 281 (127) lots of 40 tonnes.

SOYABEAN MEAL £/tonne	Close	Previous	High/Low
Oct	169.00	169.00	169.00 167.60
Dec	176.00	177.50	176.00 175.50
Feb	180.00	183.50	180.00

Turnover 46 (105) lots of 20 tonnes.

FREIGHT FUTURES $10/index point	Close	Previous	High/Low
Aug	1261	1263	1261
Sep	1383	1392	1400 1383
Oct	1500	1500	1515 1500
Jan	1535	1540	1545 1530
Apr	1565	1565	1575 1560
BFI	1267	1251	

Turnover 512 (543)

LONDON BULLION MARKET		
Gold (fine oz)	$ price	£ equivalent
Close	428½-429	253½-254
Opening	429½-430	254½-255
Morning fix	429.40	254.761
Afternoon fix	427.75	252.735
Day's high	429¾-430¼	
Day's low	426-426½	
Coins	$ price	£ equivalent
Mapleleaf	441-446	261-264
Britannia	441-446	261-264
US Eagle	441-446	261-264
Angel	439-444	260-263
Krugerrand	428-431	253-255
New Sov.	101-102	59¾-60½
Old Sov.	101-102½	69¾-60¾
Noble Plat	549-555.35	325.55-329.3
Silver fix	p/fine oz	US cts equiv
Spot	386.40	651.00
3 months	396.15	665.05
6 months	403.85	680.15
12 months	433.10	711.05

COTTON
Liverpool- Spot and shipment sales for the week ended August 26 amounted to 373 tonnes against 53 tonnes in the previous week. Trading was moderate with sales occuring in Russian, west African, Puruvian and Pakistan Growths.

JUTE
August/September c and f Dundee BTC $465, BWC $475, BTD $420, BWD $415, c and f Antwerp BTC $455, BWC $445, BWD $395, BTD $405.

LONDON METAL EXCHANGE TRADED OPTIONS	Calls		Puts	
Aluminium (99.7%)				
Strike price $ tonne	Sept	Nov	Sept	Nov
2900				130
Aluminium (99.5%)	Calls		Puts	
2850		61		
Copper (Grade A)	Calls		Puts	
2300				118
2350			99½	

US MARKETS

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Sep	428.8	430.4	427.5	427.5
Oct	431.9	432.9	432.5	430.0
Dec	437.7	438.7	438.1	435.8
Feb	443.9	444.9	444.0	442.5
Apr	449.9	450.9	449.5	449.5
Jun	455.9	456.9	455.3	454.0
Aug	462.2	463.2	460.5	460.5
Oct	468.5	469.5	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Sep	530.0	85.0	0	0
Oct	525.8	532.8	532.0	522.5
Jan	531.1	537.0	536.5	527.0
Apr	537.1	543.6	537.5	535.0
Jul	543.8	549.9	0	0
Oct	550.8	556.9	558.0	558.0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Sep	649.0	652.0	657.5	645.0
Oct	655.0	656.0	658.0	653.0
Dec	665.0	668.0	674.0	664.0
Jan	670.1	673.4	0	0
Mar	680.6	684.5	688.5	680.0
May	691.8	695.7	697.0	691.0
Jul	703.3	707.2	708.0	708.0
Sep	714.7	718.6	720.0	720.0
Dec	732.0	735.9	737.0	734.0

COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Sep	101.60	102.55	102.40	101.40
Oct	100.90	101.75	0	0
Dec	99.60	100.20	100.20	98.60
Jan	98.15	198.65	0	0
Mar	95.20	95.55	95.40	94.50
May	92.90	92.90	92.90	92.35
Jul	91.10	90.75	90.30	90.30
Sep	89.30	88.70	88.50	88.10
Dec	87.40	86.50	86.25	86.25

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Oct	15.27	15.22	15.28	15.10
Nov	15.32	15.25	15.33	15.14
Dec	15.41	15.31	15.42	15.21
Jan	15.47	15.34	15.48	15.26
Feb	15.48	15.38	15.48	15.30
Mar	15.56	15.42	15.55	15.56
Apr	15.56	15.46	15.56	15.56

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Sep	4310	4278	4315	4235
Oct	4360	4323	4365	4285
Nov	4437	4393	4445	4365
Dec	4520	4477	4525	4440
Jan	4560	4525	4560	4495
Mar	4575	4338	4385	4310
May	4175	4128	4175	4175
Jun	4085	4078	0	0

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Sep	1280	1268	1290	1261
Dec	1312	1304	1318	1293
Mar	1303	1298	1308	1288
May	1316	1311	1320	1305
Jul	1335	1328	1339	1338
Sep	1360	1353	1363	1353
Dec	1386	1389	1396	1387

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Sep	120.90	121.00	121.90	121.00
Dec	121.17	122.50	123.20	120.60
Mar	120.18	121.33	121.75	119.50
May	120.18	121.00	120.75	119.10
Jul	119.88	121.07	120.00	118.90
Sep	118.75	119.28	0	0
Dec	118.50	119.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	10.15	10.03	10.20	9.98
Jan	0.22	8.90	9.22	9.22
Mar	10.09	9.75	10.10	9.78
May	9.80	0.50	9.81	9.50
Jul	0.65	9.32	9.65	9.39
Oct	9.48	0.20	9.46	9.29

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Oct	53.81	53.52	53.85	52.85
Dec	52.22	51.46	52.30	51.28
Mar	52.13	51.40	52.25	51.30
May	52.23	51.80	52.40	51.61
Jul	52.55	51.95	52.75	52.00
Oct	53.85	52.70	53.40	52.85
Dec	53.95	53.00	54.00	53.20

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Sep	191.55	191.35	192.25	190.50
Nov	183.05	181.65	183.90	181.30
Jan	173.25	172.50	173.25	172.30
Mar	170.20	169.95	170.10	169.55
May	168.65	168.30	168.50	168.10
Jul	167.30	167.50	167.50	167.30
Sep	166.30	166.30	0	0
Nov	166.30	166.30	0	0
Jan	166.30	166.30	e	e

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Sep	847/0	825/0	849/0	825/0
Nov	859/2	836/4	860/0	838/0
Jan	867/0	844/0	868/0	845/0
Mar	868/4	847/0	869/0	847/0
May	857/4	537/0	859/0	836/0
Jul	849/2	829/4	850/0	828/0
Aug	826/0	810/0	828/0	808/0
Sep	753/0	738/4	756/0	745/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Sep	26.27	25.92	26.45	25.80
Oct	26.67	26.22	26.75	26.10
Dec	27.21	26.72	27.30	26.65
Jan	27.50	27.00	27.35	26.95
Mar	27.75	27.25	27.85	27.30
May	28.00	27.42	28.15	27.56
Jul	27.75	27.27	27.80	27.60
Aug	27.32	26.80	27.35	27.10

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Aug 29	Aug 26	mnth ago	yr ago
		1868.2	1911.0	1680.5
DOW JONES (Base: Dec. 31 1974 = 100)				
Spot	132.73	132.22	131.68	127.07
Futures	135.70	135.11	135.00	130.49

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Sep	264.7	257.0	265.0	258.0
Oct	262.5	255.2	263.0	255.5
Dec	261.0	254.2	261.7	255.0
Jan	258.7	252.7	259.0	254.0
Mar	255.2	248.0	256.0	250.0
May	250.0	245.5	250.0	246.0
Jul	246.0	243.0	246.0	242.0
Aug	235.0	235.0	238.0	232.0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Sep	279/0	274/4	279/4	273/0
Dec	290/6	285/0	291/2	284/4
Mar	294/2	288/4	295/2	289/0
May	296/6	290/6	296/6	290/4
Jul	292/4	288/2	293/6	288/0
Sep	277/0	278/0	278/0	273/0
Dec	264/4	264/0	268/0	264/4

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Sep	395/4	387/6	397/4	387/4
Dec	414/6	403/6	415/4	404/0
Mar	417/2	408/6	417/4	407/0
May	390/4	381/6	394/0	384/0
Jul	363/0	352/0	367/0	354/4

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	72.40	73.22	73.22	72.25
Dec	72.77	73.65	73.45	72.55
Feb	73.42	74.00	73.95	73.00
Apr	74.97	75.32	75.20	74.52
Jun	74.27	74.35	74.35	73.65
Aug	71.80	71.00	71.00	71.40
Sep	71.25	71.25	0	0
Oct	71.05	71.30	71.32	71.05

LIVE HOGS 30,000 lb; cents/lbs	Close	Previous	High/Low	
Oct	39.15	39.95	39.80	38.95
Dec	41.82	42.90	42.70	41.70
Feb	44.37	45.45	45.16	44.15
Apr	43.60	44.32	44.25	43.50
Jun	47.75	47.95	48.15	47.55
Jul	48.70	48.90	49.05	48.60
Aug	47.02	47.02	0	0

PORK BELLIES 38,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	50.87	52.82	52.15	50.82
Mar	51.25	53.22	52.55	01.22
May	52.97	54.75	54.30	52.85
Jul	52.77	54.70	54.75	52.73
Aug	51.07	52.40	52.10	51.05

GOTHENBURG & WEST OF SWEDEN

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14th October 1988

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WORLD STOCK MARKETS

AUSTRIA

August 30	Sch	+ or –
Creditanstalt	1,995	—
Goesser	2,870	—
Interunfall	11,640	—
Jungbunzlauer	7,620	+10
Laenderbank	306	+2
Perlmooser	625	+5
Steyr-Daimler	90	–1
Veitscher Mag	618	+7

BELGIUM/LUXEMBOURG

August 30	Frs.	+ or –
D.B.L.	2,650	—
Banque Gen. Du Lux	13,900	—
Bank Intl. a Lux	13,200	—
Bekaert B	11,150	–50
Ciment CBR	6,350	—
Cockerill	276	–5
Colruyt	8,700	—
Delhaize	4,410	+25
EBES	4,200	—
Fabrique Nat	868	+18
GB Inno BM	1,214	+8
GBL (BruxL)	3,225	—
Generale Bank	5,260	—
Gevaert	7,220	–30
Hoboken	8,630	+20
Intercom	3,175	–25
Kredietbank	3,930	+5
Pan Holdings	12,700	+200
Petrofina	12,625	–25
Raffinerie Tirle	1,498	+10
Royale Belge	4,730	—
Soc Gen Belge	4,060	+35
Sofina	11,925	–25
Solvay	12,450	+100
Stanwick Intl	80	—
Tractebel	8,090	+90
UCB	9,030	+20
Wagons Lits	5,480	–40

DENMARK

August 30	Kr	+ or –
Baltica Hldgs	508.3	—
Carlsberg	956.4	—
Cop Handelsbank	253.1	—
D. Sukkerfab	417.5	—
Den Danske Bank	345.3xc	—

FRANCE

August 30	Frs.	+ or –
Accor	422	+3
Air Liquide	586	—
Alcatel	1,985	–10
BIC	740	+6
BNP (Cert.Inv.)	249	+3
Bongrain	2,415	–25
Bouygues	418	+8
BSN	4,891	+26
Carrefour	2,373	–27
Club Mediterranee	443	+2
Cie Bancaire	420	+6
Cie Fin. de Suez	270	+4
Cofimeg	285	—
CGE	305	+1.5
Damart	2,505	—
Dumez S.A.	655	+10
Eaux (Cie Gen)	1,308	+8
Elf-Aquitaine	316	+1
Essilor	2,325	–2
Gen.Occidentale	707	+7
Havas	701	+2
Imetal	202.7	–0.3
LVMH	2,781	+45
Lafarge Coppee	1,322	+8
L'Oreal	3,180	+7
Legrand	2,722	–38
Maisons Phenix	65	–1
Matra S.A.	177	–3
Michelin B	191	+2
Midi (Cie)	1,296	+3
Moulinex	105	–0
Nord Est	97	—
Paribas	400	+0
Pernod Ricard	1,080	–6
Perrier	950	—
Peugeot S.A.	1,144	+11
Printemps Au	525	+5
Radiotech	704	+6
Redoute	2,880	–30
Roussel-Uclaf	1,239	+26
St. Gobain	487	+7
Sefimeg	392	+0
Skis Rossignol	999	+9
Telemech Elect	4,416	–84
Thomson (CSF)	177	+0
Total-Petroles Fr.	380	+9
Valeo	495	–0

CANADA

TORONTO

2pm prices August 30

OVER-THE-COUNTER

Nasdaq national market, 2pm prices August 30

Continued from page 35

TOKYO - Most Active Stocks

Tuesday 30 August 1988

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	27.16m	671	-14
Mitsubishi Oil	22.80m	1,130	+70
Nisshin Steel	21.06m	1,120	-20
Kawasaki Steel	18.69m	709	+6
Nippon Kokan	16.71m	649	-5
Hitachi	11.89m	1,690	+20
Toshiba	11.53m	1,050	+30
MHI	10.42m	865	-3
Terumo	10.32m	2,210	-40
Furukawa	10.23	628	+49

INDICES

NEW YORK — DOW JONES

CANADA

NEW YORK ACTIVE STOCKS

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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4pm prices August 30

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		— A – A – A —								
27⅞	14	AAR s	.36	1.5	16	780	26	24	24	−1⅛
10	10	ACM n				528	10	10	10	
12⅛	9⅞	ACMIn n1.40e		13.		386	11⅛	11	11	− ⅛
18⅛	10⅞	ACMSe wt.26		12.		557	10⅞	10¾	10⅞	
10⅛	6⅞	ACMSp n.17e		1.9		253	6½	9	9⅛	
27⅞	19½	AGS			20	448	u28	27⅛	27⅞	+ ⅛
7⅝	2⅞	AMCA				20	3⅞	3⅞	3⅞	+ ⅛
6⅛	3⅛	AM Intl				477	6½	3⅝	5½	
26⅝	17	AM Int pf 2		9.2		9	21⅝	21½	21⅝	+ ⅛
60	28⅛	AMR			8	3704	43⅛	41⅞	42⅛	− ⅛
27	23	ANR pf 2.67		10.		13	25½	25½	25½	− ⅛
10½	6⅛	ARX			12	104	7½	7⅝	7½	
70½	30⅛	ASA	3	7.9		570	38⅛	37⅞	38⅛	− ⅛
22⅛	9⅛	AVX	.08e	.3	11	219	18⅛	18⅛	18⅛	
64⅞	40	AbtLab	1.20	3.5	15	5217	46⅞	45⅞	46⅛	+ ½
27⅛	15⅞	Abitibi g	1			29	16⅝	16½	16⅝	+ ⅛
19½	8½	AcmeC	.40	4.1		66	9⅞	9⅞	9⅞	+ ⅛
9⅝	6⅝	AcmeE	.32b	4.7	46	19	6⅞	6⅞	6⅞	− ⅛
20	14⅛	AdaEx	3.05e	20.		36	15⅝	15½	15½	
18⅛	6⅞	AdamMl	.24	1.3	16	8	18⅞	18⅞	18⅞	
24⅞	7½	AMD				1307	11⅞	11⅝	11⅞	
38⅛	29⅛	AMD pf	3	5.6		300	34⅛	34⅛	34⅛	− ⅛
10⅝	4⅝	Adobe				352	7⅝	7⅝	7⅝	
26	10⅛	Adob pf	1.84	10.		22	17⅛	17⅛	17⅛	+ ⅛
21⅛	17½	Adob pf	2.40	11.		2	23⅞	23⅞	23⅞	− ⅛
12⅛	5⅞	Advest	.12	1.4	16	56	8⅝	8½	8⅝	+ ⅛
62⅛	38½	AetnLf	2.76	5.8	7	1122	48⅛	47⅛	47⅞	− ⅛
36⅛	20½	AflPb s	.20	.8		383	26	25⅛	25⅞	+ ½
22½	12	Ahmans	.88	6.0	9	1293	15⅛	14⅞	14⅞	− ⅛
4⅝	1⅛	Aileen				24	4⅛	4⅛	4⅛	− ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FILTER CIGARETTES

Marlboro

20 CLASS A CIGARETTES

Continued on Page 35

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
10⅛	9⅛	PPrIT	a1.14	12.		570	9½	9⅜	9⅜	– ⅛
6¾	5⅝	Pyro				298	6⅜	5¾	5¾	– ⅛
25½	7	QMS			12	225	7⅝	7⅛	7½	+ ⅛
6⅞	1	Quantel			2	32	1⅛	1	1⅛	
58	31¾	QuakrO	1	1.9	17	2219	54	52¾	53	
27⅛	12⅞	QuakSC	.80	4.0	36	309	20⅜	20⅛	20¼	
14¾	4¼	Quanex	.08e	.6	19	196	12½	12¼	12⅜	– ½
105	49	Quantm	2.20	2.3	10	1212	94½	93	94¼	+1⅝
19⅜	7½	QstVl	1	9.6		131	10⅜	10¼	10¼	– ⅛
42½	26½	Questar	1.68	5.2	20	21	32⅝	32⅜	32⅜	+ ¼
24¾	10	QkReily	.24a	2.1	7	60	11⅝	11¼	11¼	– ¼

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
36	18⅛	XTRA	.72	2.1	14	533	34	33⅝	34	+ ¼
29⅜	18½	XTRA pf1.94		6.8		31	22½	28	28½	+ ½
30⅞	17¾	Yorkln			16	16	52	52	22	– ⅛
5⅞	2¼	Zapata				60	3	2⅞	3	+ ⅛
37	13½	Zayre	.40	1.8	142	3868	22¼	21⅞	32	– ⅛
18⅜	6⅝	Zemex	.40	3.1	18	3	12⅞	12⅞	16⅞	
30⅞	10	ZenithE				640	22	21½	21½	– ½
10⅜	8⅜	Zenin a	.25e	2.6		235	8⅞	9¼	9⅞	
8⅞	1	vjZenLb				919	1⅜	1¼	1⅜	+ ⅛
21⅞	16¼	ZeniN	.80b	4.1	9	308	20¼	19⅝	19⅝	+1¼
19⅞	11⅞	Zero	.40	2.6	13	40	15¼	15⅛	15⅛	– ⅛
28½	16	Zurn	.80	3.0	14	238	22¼	21⅞	22½	+ ⅞
11¼	7½	Zweig	1.05e	10.		256	10⅜	10	13⅜	+ ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4pm prices August 30

OVER-THE-COUNTER

Nasdaq national market, 3pm prices August 30

Continued on Page 33

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AMERICA

Dow hovers little changed despite favourable data

Wall Street

EQUITIES DRIFTED lower yesterday and bonds rose only marginally despite a stronger dollar and some mildly encouraging economic figures, *writes Janet Bush in New York.*

The Dow Jones Industrial Average finished 3.20 points lower at 2,038.23 in another session of very low volume totalling 108.7m shares. Last week, total daily volume hovered around the 120m mark, some of the lowest levels this year. On Friday and Monday, activity dried up even more with volume of 89.3m and 99.2m shares, the year's quietest two days.

Activity, even on a day such as Monday when the Dow rose 24 points, was extremely thin and almost entirely professional.

US bond prices managed gains of up to ⅜ point and the Treasury's benchmark long bond rose ¼ point for a yield of 9.32 per cent.

The two sets of economic figures released yesterday were leading indicators and factory orders for July. Leading indicators fell 0.8 per cent compared with forecasts of a drop of 0.6 per cent, and June's indicators were unrevised at a gain of 1.4 per cent.

Factory orders fell 3.5 per cent in July, again close to expectations. Economists at Griggs & Santow in New York noted, however, that the figures were not as weak as they seemed. They pointed out that non-durable goods had risen 1 per cent – a much less erratic performance than that of durables, which fell 7.1 per cent in July.

The dollar dipped slightly after the figures but then rebounded against the yen.

Yesterday's economic releases are of little significance to the markets compared with Friday's report on unemployment and jobs figures, a much more crucial indicator for US Federal Reserve policy-making, given the central bank's worries about tightness in the labour market.

Forecasts centre on a rise in the non-farm payroll in August of 230,000 compared with the increase in July of 283,000 according to consensus estimates compiled by Money Market Services of California.

However, the markets will also be looking carefully at accompanying figures on hours worked and on wages for any evidence of increased tightness in the labour market and therefore upward pressure on wages.

Among featured stocks was J C Penney, the large retailer, which added $1⅞ *to $48⅞.* The company said it had created a leveraged employee stock ownership plan in conjunction with an expanded stock buy-back programme. It said its aim was to enhance shareholder value and to improve its employee benefit programme.

Automatic Data Processing fell $2⅝ to $35⅞ after some negative comments about the company from analysts at Drexel Burnham Lambert.

Middle South Utilities, one of the most actively traded stocks on the New York Stock Exchange, added $⅜ to $13⅜. *The company's* chief financial officer attributed the heavy activity in the stock to market speculation that Middle South may resume paying a quarterly dividend. It has not paid one since July 1984.

American Technical Ceramics slumped $1⅛ to $3 on the American Stock Exchange after the company said its agreement in principle to be acquired by AVX Corp for $5.25 a share had been terminated. AVX added $⅛ to $18⅞ on the NYSE.

Canada

GOLD and base metal stocks pushed Toronto moderately lower, as the composite index dropped 6.5 to 3,274.1.

Declines outnumbered advances by 383 to 207 on light volume of 17m shares.

Topping the most active mining stocks list was Inco, which declined C$1⅛ to C$37⅞ on profit-taking following a C$3 rise last week.

In golds, Corona was down C$⅛ at C$9⅞ and Placer Dome declined C$⅛ to C$15⅞.

EUROPE

Good Hoesch figures help Frankfurt higher

STABILITY in foreign exchange markets and Wall Street's firmer trend on Monday gave some European bourses a gentle lift yesterday but volumes were again very low, *writes Our Markets Staff.*

FRANKFURT recovered some ground in the wake of Wall Street's overnight gains and good news from steel company Hoesch. But volume at DM1.6bn worth of West German shares was still too low for talk of a change of direction in a market that has drifted narrowly for some weeks.

Investors are keeping an eye on the US employment figures, due on Friday, for any further signs of overheating in the US economy which could renew the pressure for higher interest rates.

The FAZ index at midsession was up 5.28 at 481.95 and the DAX real time index finished 13.15 higher at 1,165.53.

Hoesch gained DM3.30 to DM158.50 after saying its first half profits had risen sharply and predicting results for the year well above those of 1987. The company gave no profits figures but said sales had risen 14 per cent to DM4bn.

The figures were in line with expectations, said one analyst, but good for the steel and engineering sector. Mannesmann rose DM1.70 to DM173.30 and Thyssen DM2.30 to DM151.30.

In banks, Dresdner made further progress after Monday's news of a tie-up with a Franco-Turkish joint venture bank, BNP-AK Bankasi. Dresdner was the second most active stock with DM114m traded, rising DM5.20 to DM282.20.

Retailers were strong, with bargain-hunters in evidence after recent softness in the sector. Kaufhof gained DM8 to DM344 and Karstadt DM7.50 to DM404.

Bonds again edged higher, helped by a firmer US treasury market and a steady D-Mark. The yield on the latest 10-year federal bond eased to 6.77 per cent from 6.79.

AMSTERDAM enjoyed a brief morning rally in line with a firm overnight Wall Street, but fell back in the afternoon as London and then New York drifted off, finally closing a fraction better on the day. The CBS all-share index ended 0.1 up at 93.5, below the high of 93.9, in very light volume.

Biochemical stock Gist-Brocades fell Fl 2 to Fl 36.50 after reporting a 6.6 per cent rise in interim net profits to Fl 45m. Analysts put the improvement down to income from extraordinary items – notably the sale of the company's animal health activities in March – and dealers took more notice of Gist-Brocades' underlying performance and the 14.8 per cent fall in operating profit to Fl 50.4m for the period.

The country's biggest publishing group, VNU, lost 50 cents to Fl 85 as the market awaited its half-yearly figures. In the event, VNU reported a 42 per cent rise in interim profits to Fl 65.8m, well above most analysts' forecasts. Two other Dutch publishers, Elsevier and Wolters Kluwer, are due to report today and both closed higher – up 30 cents at Fl 56.30 and Fl 1.20 at Fl 140.40.

PARIS ended up but off its highs after Wall Street's softer start. It was a dull session, with the mood still clouded by worries over interest rates. The OMF 50 index edged up 1.08 to 345.29 in trading estimated at under FFr1bn, though higher than Monday's FFr518m.

Some privatised banks gained on persistent speculation of a restructuring in their core shareholdings, with Suez adding FFr4.50 to FFr270 and CCF 70 centimes to FFr137.60.

MILAN was easier in quiet trading, with the Comit index off 2.79 at 522.83. Volume was reported to be better than Monday's very thin L61bn.

One analyst described the recent decline as a "guided fall," with operators believing buyers would emerge at the 500 to 530 level. At the moment, investors are weighed down by worries over rising interest rates and planned tax changes.

Banks eased after the decision by Banca Commerciale Italiana to withdraw its bid for Irving Bank of the US. BCI fell L70 to L2,455.

BRUSSELS lacked direction before closing slightly firmer as the market reacted nervously to news that the Government and the main banks had failed to agree the price of the new BFr100bn-plus bond issue. Yesterday's 1 pm deadline was missed because the banks – worried by last Friday's rise in the discount rate – are said to be trying hard to persuade the Government to price the issue lower.

The main feature was again Tractebel, the energy and engineering group. It rose BFr90 to a new high of BFr8,090 on turnover of 13,050 shares as speculation spread that a Belgian investor was building a stake. However, analysts did not believe the buying was part of a takeover raid.

ZURICH was cheered a little by the steady dollar and Wall Street's overnight advance and most shares closed slightly higher. The Credit Suisse index, however, slipped 1.2 to 470.8 in very low volume.

Continued takeover speculation pushed Gewerbebank Baden SFr50 higher, although it fell back later to close SFr25 up at SFr3,725. Another recent focus of bid rumours, Solothurner Handelsbank, dropped SFr200 to SFr2,200.

STOCKHOLM was boosted by optimism on US financial markets and strong investment fund buying to close higher in quiet trading. The Affärsvärlden index rose 7.7 to 853.3.

Volvo B shares rose SKr4 to SKr314 before the company's interim results, which showed an 11 per cent drop in profits to SKr3.8bn. Volvo blamed the drop on the strike by white-collar workers earlier this year.

London

WORRIES that a fall in the value of sterling could trigger another interest rate rise dominated a nervous day's trading in London. However, equities bounced back from concerted early selling and the FT-SE 100 index closed 15.9 points down at 1,754.8.

International stocks held their own, with both ICI and Glaxo improving slightly.

SOUTH AFRICA

GOLD shares slipped in Johannesburg following a fall in the bullion price, but losses were kept in check by support from a weaker financial rand. Vaal Reefs lost R2.50 to R355.

ASIA PACIFIC

Bargain-hunting assists in recovery

Tokyo

BARGAIN-HUNTING and institutional activity helped equities make a modest recovery yesterday, but weak volumes reflected a continued lack of enthusiasm and confidence in the market, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average opened higher on the strength of Wall Street's upturn on Monday, but eased during the day. However, it rebounded later to close up 132.55 at 27,511.65. The day's high was 27,514.55 and the low was 27,265.78. Volume at 451m shares was even lower than the 457m traded on Monday.

In London trading, Japanese shares later fell back, with the ISE/Nikkei index closing 4.28 lower at 1,795.22.

Besides continuing fears in Tokyo of a possible rise in Japanese interest rates, several negative domestic factors – such as concern over a possible tightening of proposed capital gains tax rules – contributed to the market's dull and weak character. In addition, financial firms are absent, as they have little incentive to take new risks in advance of their *financial year in September.*

The market's early morning strength followed the recovery in the Dow Jones Industrial Average, but Wall Street's rise had been achieved in very thin volume and failed to sustain share prices in Tokyo for long. However, investors stepped up their buying later in the day as the feeling spread that prices had fallen far enough. The participation of institutional investors also helped.

Speculative issues continued to attract interest. Mitsubishi Oil, which is rumoured to have Saudi Arabian takeover ambitions, was the second most heavily traded issue with 22.6m shares exchanged, rising Y70 to Y1,130.

Paper and printing companies were another focus of interest, on news that the Emperor of Japan may not be well. If the Emperor dies, a considerable number of forms will have to be re-issued. *In addition, a newspaper article* reported that high quality paper prices will go up, leading to hopes of better business results for paper companies.

Oji Paper gained Y50 to Y1,390 and Jujo Paper advanced Y22 to Y888, while Toppan Printing rose Y70 to Y1,920 and Dainippon Ink moved up Y50 to Y2,610.

Several pharmaceutical issues were bought on the grounds that they were low-priced. There were also expectations that business could pick up in advance of the medical conference season in the autumn. Yamanouchi Pharmaceutical advanced Y90 to Y4,130 and Takeda Chemical increased Y70 to Y2,720.

Steels were generally weak. Nippon Steel, the most heavily traded issue at 27.16m shares, lost Y14 to Y671.

Little enthusiasm was seen on the bond market in Tokyo amid interest rate uncertainties. The yield on the benchmark 105th issue closed at 5.36 per cent in large-lot trading, up 0.01 of a point.

The Osaka equities market saw little activity as interest rate fears caused investors to hesitate. Volume was only moderately higher at 70.58m shares compared with 60.03m.

Roundup

THE MOOD improved slightly in the Asia Pacific region as Tokyo made up some ground and bargain-hunters emerged. Australia moved higher and Singapore was mixed. All markets were dogged by low volumes and Hong Kong and Taiwan both ended weaker.

AUSTRALIA recovered well from early morning selling to end strongly after dealers responded to firmer trading in Tokyo. Blue chip industrials, bank and mining stocks were particularly popular.

The All Ordinaries Index rose 11.5 to 1,580.5, well up on the day's low of 1,563.3. Turnover was light at 98m shares.

FAI Insurance was the main feature of the market, rising 10 cents to A$4.25 in response to the company's sale of its 19.9 per cent stake in Ariadne to Mr Bruce Judge's Magenta Holdings. Ariadne closed 2 cents better on 21 cents.

Mining stocks were boosted by optimism about commodity prices, with Comalco up 10 cents at A$4.45 and Western Mining 8 cents at A$5.80. Western Mining's annual figures are due tomorrow, and analysts are forecasting a huge jump in profits.

SINGAPORE was helped by the rise in Tokyo and a sense that a rebound from the long downward correction was overdue. Prices ended mixed to higher, but losses in some of the index stocks left the Straits Times industrial index off 0.08 at 1,020.21.

Turnover was a very low 38m shares compared with Monday's 48m as investors preferred to wait for Saturday's general election. The Malaysian markets are closed for a local holiday today.

TAIWAN fell for the sixth session in a row, with the weighted index falling 116.37 to 7,473.38.

Hong Kong shrugs off good news

Michael Marray explains the market's current nervous mood

The prevailing mood of uncertainty on the Hong Kong stock market has been well illustrated during the past few weeks, as a *bumper crop* of healthy corporate results has coincided with a steady slide in the level of the Hang Seng Index.

Taking its cue from falls on other markets around the world, the Hang Seng Index lost 56.03 points last Friday, and investors returned after the Monday holiday to push it down another 25.28 yesterday. The closing level was 2,439.55, on continuing thin turnover of HK$518.45m.

Before its recent journey southward, the index had climbed by mid-July to a peak for the year of 2,772.58, from a low of 2,223 back in February.

Opinions as to where it is *headed* next vary *widely*, and bullish forecasts are still to be found.

However, the willingness recently shown by investors to ignore good local news and follow sell-offs on other markets *has focused attention for the* moment upon more negative predictions.

"Everyone is worried about rights issues around the corner," commented one analyst with an international brokerage, pointing in particular to the Hongkong Telecommunications public share offer, which is still scheduled to proceed during 1988.

"It is a shadow over Telecom, and by definition a shadow over the market," he said.

Hongkong Telecom has the heaviest weighting of any stock making up the Hang Seng Index, and though the size of the offering may be smaller than the 11 per cent of the company originally planned, even half of this could prove a considerable burden for the market.

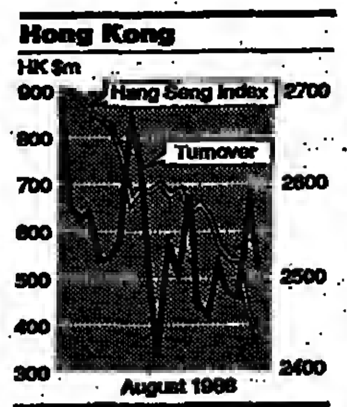
As elsewhere around the *world, rising inflation* and interest rates are also major worries in Hong Kong, with the local prime rate poised at 9.5 per cent ready to enter double digits, and forecasts of inflation running at 10 per cent by year end.

On a more positive note, the economy is tipped to grow by 6 or 7 per cent during 1988, suggesting that local companies will end the year with substantial profit increases to report.

However, with the Hong Kong market continuing to look to New York and Tokyo for direction, healthy profit forecasts may still not be enough to tempt investors back into the market.

Any rally is likely to attract a renewed bout of selling, and with the first anniversary of Black Monday drawing nearer, they remain nervous, in spite of the current attractiveness of *many stocks when judged on* fundamentals.

Hong Kong



IFC EMERGING MARKETS INDICES

Market	No. of stocks	PRICE: July 1988	% Change on June (Dollar terms)	% Change on Dec 31 '87 (Dollar terms)	July 1988	% Change on June (Local currency terms)	% Change on Dec 31 '87 (Local currency terms)	TOTAL RETURN: July 1988	% Change on June (Dollar terms)	% Change on Dec 31 '87 (Dollar terms)
Latin America	(110)	133.4	-4.3	54.5	–	–	–	167.9	-3.9	62.5
Argentina	(24)	222.3	28.0	62.8	12,244.8	52.1	362.3	244.6	29.3	72.5
Brazil	(30)	71.8	-16.1	59.0	5,239.4	2.8	432.7	93.4	-15.1	70.4
Chile	(25)	430.4	1.8	15.0	819.7	1.8	22.0	625.8	1.2	23.4
Mexico	(31)	317.9	0.4	81.8	3,731.7	0.4	87.4	401.6	0.6	86.1
Asia	(124)	308.6	15.1	87.2	–	–	–	371.5	15.2	91.9
Korea	(42)	363.3	3.9	48.0	318.1	3.3	34.8	566.5	3.9	55.0
Malaysia	(40)	113.6	-1.2	27.4	123.2	-0.5	34.7	128.1	-1.0	30.8
Taiwan	(32)	845.7	28.7	149.6	612.2	27.6	150.2	919.9	28.7	152.3
Thailand	(10)	259.8	1.6	55.7	243.1	2.2	57.0	411.4	1.8	62.5

Source: International Finance Corporation. Base date: Dec 31,1984.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping	TUESDAY AUGUST 30 1988: US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	MONDAY AUGUST 29 1988: US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX: 1988 High	1988 Low	Year ago (approx)
Australia (87)	144.37	+0.6	126.62	119.26	3.80	143.46	126.26	118.28	152.31	91.16	163.61
Austria (16)	86.52	+0.2	75.88	84.01	2.49	86.36	76.01	83.93	98.18	83.72	97.11
Belgium (63)	111.18	-1.3	97.51	109.26	4.62	112.68	99.17	108.98	139.89	99.14	132.90
Canada (128)	117.52	-0.2	103.06	105.39	3.25	117.77	103.65	105.72	128.91	107.06	137.71
Denmark (39)	121.02	+0.0	106.14	118.39	2.49	120.98	106.48	118.31	132.72	111.42	122.89
Finland (26)	116.88	-0.8	102.51	108.83	1.58	117.86	103.73	109.87	139.53	106.78	–
France (129)	90.24	+0.9	79.14	89.53	3.63	89.48	78.75	89.15	99.62	72.77	114.50
West Germany (100)	74.29	+1.3	65.16	72.09	2.57	73.32	64.53	71.33	80.79	67.78	104.93
Hong Kong (46)	99.60	-0.7	87.35	99.78	4.57	100.26	88.24	100.43	111.86	84.90	147.06
Ireland (18)	127.98	-1.4	112.24	125.80	3.77	129.82	114.26	127.12	144.25	104.60	143.30
Italy (102)	71.20	-0.6	62.44	73.70	2.73	71.60	63.01	74.30	81.74	62.99	89.26
Japan (456)	158.65	+0.1	139.13	134.78	0.54	158.56	139.56	134.46	177.27	133.61	152.08
Malaysia (36)	133.04	-0.6	116.68	137.27	2.69	133.87	117.82	137.04	154.17	107.83	171.90
Mexico (13)	153.25	+2.7	134.40	383.10	1.42	149.25	131.36	373.12	180.07	90.07	370.58
Netherland (38)	100.23	-0.7	87.90	96.43	4.75	100.96	88.86	96.63	110.66	95.23	129.44
New Zealand (20)	72.30	-2.4	63.41	63.28	5.91	74.06	65.18	62.72	84.05	64.42	124.69
Norway (25)	109.44	-0.1	95.98	102.49	2.92	109.53	96.40	102.68	132.23	98.55	174.00
Singapore (26)	117.49	+0.4	103.04	110.34	2.39	116.97	102.95	109.57	135.89	97.99	165.10
South Africa (60)	111.99	-2.8	98.21	86.66	4.97	115.20	101.40	87.59	139.07	109.87	181.73
Spain (43)	141.24	-0.3	123.87	132.57	3.41	141.66	124.68	133.39	164.47	130.73	159.69
Sweden (35)	111.94	+0.4	98.18	107.01	2.67	111.45	98.09	106.57	125.50	96.92	127.30
Switzerland (55)	75.30	+0.5	66.04	73.57	2.33	74.94	65.96	73.27	86.75	74.82	108.39
United Kingdom (324)	123.56	-0.7	108.37	108.37	4.68	124.48	109.56	109.56	141.18	123.09	152.30
USA (580)	107.30	+0.1	94.10	107.30	3.71	107.20	94.35	107.20	112.47	99.19	132.14
Europe (1013)	100.62	-0.2	88.25	93.70	3.88	100.81	88.73	94.05	110.82	97.01	127.41
Pacific Basin (671)	155.71	+0.1	136.55	132.73	0.74	155.63	136.97	132.40	172.26	130.81	152.24
Euro-Pacific (1684)	133.68	+0.0	117.24	117.19	1.70	133.71	117.68	117.12	147.53	120.36	142.38
North America (708)	107.83	+0.1	94.57	107.20	3.68	107.76	94.84	107.13	113.29	99.78	132.44
Europe Ex. UK (689)	86.30	+0.3	75.69	84.66	3.20	86.05	75.74	84.47	92.99	80.27	111.97
Pacific Ex. Japan (215)	120.31	+0.0	105.52	107.08	4.05	120.26	105.85	106.66	128.27	87.51	154.22
World Ex. US (1885)	132.92	+0.0	116.57	116.60	1.77	132.99	117.05	116.56	146.49	120.26	142.79
World Ex. UK (2141)	122.92	+0.1	107.80	113.87	2.18	122.83	108.11	113.68	131.77	111.77	137.29
World Ex. So. Af. (2405)	123.02	+0.0	107.89	113.52	2.39	123.01	108.26	113.46	132.39	113.26	138.34
World Ex. Japan (2009)	105.86	+0.0	92.84	102.44	3.78	105.91	93.21	102.52	112.43	100.00	132.18
The World Index (2465)	122.96	+0.0	107.84	113.34	2.41	122.96	108.22	113.28	132.38	113.37	138.62

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

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COMPANY NOTICES

DAVIES & MATCALFE plc

NOTICE IS HEREBY GIVEN that the transfer Books of the Company will be closed from 7th September 1988 to 21st September 1988 both dates inclusive.

By Order of the Board
R.ALLEN
Secretary

Injector Works
Romiley
Stockport
Cheshire
SK6 3AE.

REINSURANCE

The Financial Times proposes to publish this survey on:

5th September 1988

For a full editorial synopsis and advertisement details, please contact:

D REED & B KELAART

on

01-248 8000

ext 3461

or 3266

or write to them at:

Bracken House
10 Cannon Street
London
EC4P 4BY

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE
No 004793 of 1988
CHANCERY DIVISION
MR REGISTRAR PIMM

IN THE MATTER OF:
THE ROVER GROUP plc
-and-
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that by an Order dated the 19th day of August 1988 made in the above matters the Court has directed a Meeting of the holders of the 12,796,310 issued Ordinary Shares of 50p each of the above-named The Rover Group plc ("the Company") (being those issued Ordinary Shares which are not already owned by British Aerospace Public Limited Company) to be convened for the purpose of considering and, if thought fit, approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and the holders of such Ordinary Shares and that such Meeting will be held in the Churchill Auditorium, Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1 on Thursday, the 22nd day of September, 1988 at 11 o'clock in the forenoon at which place and time all the aforesaid Shareholders are requested to attend.

Any person entitled to attend the said Meeting can obtain copies of the said Scheme of Arrangement, forms of proxy and copies of the Statement required to be furnished pursuant to Section 426 of the above-mentioned Act at the registered office of the Company and at the office of the under-mentioned Solicitors at the address mentioned below during usual business hours on any day (other than a Saturday, Sunday or a public holiday) prior to the day appointed for the said Meeting.

The said Ordinary Shareholders may vote in person at the said Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead.

It is requested that forms appointing proxies be lodged with the Registrars of the Company at P.O. Box 30, CSM House, Victoria Street, Luton, Bedfordshire LU1 2BR not less than 48 hours before the time appointed for the said Meeting but if forms are not so lodged they may be handed to the Chairman of the said Meeting.

In the case of joint holders of the said Ordinary Shares the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.

By the said Order the Court has appointed Judson Graham Day or failing him Sir Robert Frederick Hunt or failing him Sir Robert Anthony Clark to act as Chairman of the said Meeting and has directed the Chairman to report the results thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

DATED 30th August 1988

Ashurst Morris Crisp
Broadgate House
7 Eldon Street
LONDON EC2M 7HD

Solicitors for the Company

ART GALLERIES

[illegible]

Kingdom of Denmark

U.S.$ 37,500,000
Floating Rate Notes due 1995

In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from August 30, 1988 to February 28, 1989, the Notes will carry an interest rate of 9.10 % per annum.

The interest payable on the relevant interest payment date, February 28, 1989 against coupon n°8 will be U.S.$ 46,005.56 for each Note of U.S.$ 1,000,000 and U.S.$ 23,002.78 for the Note of U.S.$ 500,000.

The Agent Bank
KREDIETBANK
S.A. LUXEMBOURGEOISE

CONTRACTS & TENDERS

EREGLI
IRON AND STEEL WORKS, INC
TURKEY, (ERDEMIR)

1. Announcement is hereby made for the following project included in the "CAPACITY IMPROVEMENT AND MODERNIZATION PLAN" in the integrated steel plant of Eregli Demir ve Celik Fabrikalari T.A.S. located at KDZ-Eregli, Turkey, the project objectives are improved yield, production, productivity, quality and costs.

   PROJECT NAME - PRODUCTION CONTROL SYSTEM
   The project involves the complete mechanization of all aspects of steel order processing, from order entry at remote sales locations, through providing, scheduling, tracking, warehousing and shipping of product at the plant site. Included will be comprehensive metallurgical reference, quality, tracking and test reporting programs. The Specification includes new central site main frame computer hardware and requirements for remote CRT and printer terminals. New communications equipment, cabling and software will be required to interface with existing systems and provide a base for process control links. Complete documentation on all applications software will be required along with in-depth systems and user training.

2. Tender documents for the PRODUCTION CONTROL SYSTEM Specification may be obtained from the following address after depositing/forwarding 5.000.000 Turkish Lira to ERDEMIR Cashier's Office, KDZ-Eregli Turkey, with a reference to the project name.
   ERDEMIR, Vice President Purchasing
   Foreign Purchasing Department (SA.17)
   KDZ-Eregli, Turkey

3. A plant site visit will be conducted on September 20, 1988 to familiarize Bidders with existing ERDEMIR facilities. A pre-bid conference shall be conducted on November 8, 1988 to answer all questions concerning the specification. The Bid closing date is January 5, 1989 and no sealed Bids shall be taken into consideration if submitted after this date.

4. ERDEMIR reserves the right to place the order either partially or completely with any Bidder, or to cancel the tender completely. The receipt of quotations shall in no way be interpreted as binding upon ERDEMIR.

5. As to the source of Finance, either supplier's credit or any foreign currency credit to be provided by ERDEMIR shall be utilized.

6. The Bidder, or its technology supplier in case the Bidder is a Trading Company, must have had successful experience in the design, development, installation and start-up of PRODUCTION CONTROL SYSTEMS in a Steel Producing environment. Sub-Suppliers must also be well experienced and established companies. Companies intending to participate in the international bidding associated with this project, must complete and return the "Questionnaire Formats" attached to the tender documents in order to provide information concerning their experience by September 20, 1988.